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# ***Daily Report—***

## ***Supplement***

# **China**

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# China SUPPLEMENT

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**Congress Delegates Forward People's Hopes**  
*OW250616 Beijing XINHUA in English 0817 GMT  
23 Oct 87*

[Text] Beijing, October 23 (XINHUA)—"Please tell the party Central Committee that we workers support the reforms," an old Uygur miner told his workmate Abbas Isdik, a delegate to the forthcoming National Party Congress.

Before coming to Beijing, Abbas Isdik, a miner at the Liudaowan coal mine in the Xinjiang Uygur Autonomous Region, asked his workmates' advice about what they wanted him to say at the congress. They said a lot about rising prices, housing shortages and employment. But a worker told him: "When you are at the congress, don't bother about these. You should tell the congress that so long as the present policies are adhered to, all such difficulties will be solved in time."

The 13th National Congress of the Chinese Communist Party is to officially open October 25, and all delegates have already arrived. The Xinjiang delegation was the last to arrive since the region is far from the capital.

In the past few days, congress organizers have been bombarded with congratulatory letters from people of different walks of life nationwide. In the letters, cadres, workers, peasants, intellectuals and Chinese nationals residing abroad all expressed their happiness about the big changes throughout the country, and at the same time forwarded their hope that the reform of the political structure will be accelerated.

Huang Shiyi from a teaching hospital in Hunan Province sent in a 6,000-word letter in which he put down his ideas about the reform of the present cadre system, improvement of the democratic and legal systems, personnel training and ten other fields.

A group of agrotechnicians working on a farm project in Democratic Yemen promised to complete the Chinese aid project and win honor for the motherland and the congress. An Overseas Chinese residing in the Federal Republic of Germany sent a scroll expressing his high expectations of the congress.

The most immediate channel of communication with the central party authorities is still the congress delegates, who, like Abbas Isdik, made it a point to seek the opinions of the rank and file.

Yuan Guangming, a delegate and party committee secretary of the Sichuan petroleum administration, was urged to tell the congress that the oil workers wish to see the reform measures better implemented. They complained that the administration, with 100,000 workers, only makes a few million yuan in profits a year, and they hope to end the situation through the reform.

A delegate from the Chengdu Science and Technology University was surrounded by students who said they wish to be given more help in joining the Communist Party. In China, if one wants to join the Communist Party, he has to show that he has the requirements of a party member, and this usually takes time.

Farmers wish to see peasant entrepreneurs, who have distinguished themselves in recent years in economic activities, elected to leading posts in the rural areas. A farmer delegate from central China's Henan Province was told to draw attention to the improvement of the leading bodies in the countryside, which would be the key to deepening the rural reforms in the years to come.

Some unionists in Henan Province hope that the congress will make the role of trade unions clearer. Also, women wish to see their legal rights better protected. They complain that they are sometimes not equally treated as men in employment and college enrollment.

**Democratic Leaders Hopeful**  
*OW231436 Beijing XINHUA in English 1357 GMT  
23 Oct 87*

[Text] Beijing, October 23 (XINHUA)—Leaders of China's democratic parties said they had great hopes on the forthcoming 13th Congress of the ruling Communist Party of China (CPC).

They had all recently participated in the discussion of the draft work report of the CPC Central Committee to the congress as the CPC solicited their opinions about the report.

Zhou Gucheng, 89, chairman of the China Peasants and Workers Party, said that while it is very important for the Communist Party to reaffirm the reform policy and other policies it has adopted in recent years, it is also imperative to put into force the laws and decrees strictly to ensure the successful implementation of the reform policy.

Leading sociologist Fei Xiaotong, who is chairman of the China Democratic League, expressed the hope that through the CPC Congress the political unity and stability in China would be further consolidated so that the people would build their country with one heart and one mind.

Vice-chairman Jia Yibin of the Revolutionary Committee of the Chinese Kuomintang, held that the non-communist parties can play an important role in promoting nationwide democracy, consultation and dialogue.

"While the Communist Party should create further conditions for the non-communist parties to run their affairs independently, we non-communists should, under the general policies of the CPC, actively take part in state affairs and make ourselves true friends of the CPC," he said.

Chairwoman Lei Jieqiong of the China Association for Promoting Democracy held that some of the citizens' rights are not fully guaranteed although they are stipulated in the Constitution of China. She called for even greater efforts to perfect the legal system to ensure the people's democratic rights.

Noted physicist Zhou Paying, vice-chairman of the Jiusan (September 3) Society, stressed the importance of carrying out reforms in education departments and scientific research institutions.

Vice-chairman Lin Shengzhong of the Taiwan Democratic Self-Government League said that the policies of the Communist Party toward Taiwan have won admiration of people at home and abroad. He believed that the party's 13th Congress would give people a greater hope for reunifying the motherland.

#### Jiangxi Delegation Leaves for CPC Congress

OW241343 Nanchang Jiangxi Provincial Service  
in Mandarin 1100 GMT 23 Oct 87

[Excerpts] Carrying the expectations and trust of the province, delegates from Jiangxi to the 13th CPC National Congress left Nanchang for Beijing, via special plane, this morning.

The Jiangxi delegation consists of 38 members: Ding Xingfa, Wan Shaofen, Fang Zhichun, Wang Tie, (Wang Wencai), (Wang Kehua), Wang Shufeng, (Wang Guoben), (Wang Zhongxian), Wang Zhaorong, Lu Xiuzhen, (Ye Xieling), Bai Dongcai, (Jiang Guozhen), Liu Fangren, Zhu Zhihong, (Sun Yongjiu), Li Aisun, Wu Ping, Wu Guanzheng, (Zeng Yingxiang), (Ouyang Zhifeng), Zhao Zengyi, (Zhong Dingxin), (Liang Wenxing), Kang Keqing, (Huang Yingxin), (Zuo Ping), (Zhang Min), (Zhang Shaoji), (Jiang Shaohong), (Gao Jietu), (Yu Xiaozhong), (Qian Zihong), (Tan Ruxiang), (Xue Nizhen), (Ling Huatang), and (Zhang Xianzhong). [passage omitted]

Jiangxi delegate Comrade Kang Keqing is already in Beijing. Comrades Wan Shaofen, Wu Guanzheng, Bai Dongcai, Fang Zhichun, and Wang Tie had left for Beijing earlier.

PLA delegates from Jiangxi to the 13th CPC National Congress, Wang Baotian and (Lu Shu), were on the same plane. [passage omitted]

#### Wang Zhen Meets Xinjiang Congress Delegates

HK260901 Urumqi Xinjiang Regional Service  
in Mandarin 1230 GMT 24 Oct 87

[Text] Last night a number of Xinjiang delegates to the 13th CPC National Congress, including Wang Enmao, cordially called on Comrade Wang Zhen. When the delegates arrived at our revered Comrade Wang Zhen's home, Comrade Wang smiled broadly and said: I am very glad that you have come here. Next he asked them

with concern about the development conditions of [words indistinct] in both the eastern and southern parts of Xinjiang as well as this year's harvests in Xinjiang. The delegates told our revered Comrade Wang: This is Xinjiang's 10th year of brilliant achievements in agricultural and animal husbandry production. After hearing this, Comrade Wang Zhen smiled happily and said in earnestly: We must do a good job of attending the 13th National Party Congress, which is surely a congress of unity and victory.

Also calling on Comrade Wang Zhen were Song Hanliang, Tomur Dawamat, Janabil, Amudun Niyaz, Ba Dai, Keyum Bawudun, (Mou Gao), (Taode Nof), and (Yi Chaowen).

#### Names of Guests Invited To CPC Congress

OW251517 Beijing XINHUA Domestic Service  
in Chinese 0837 GMT 25 Oct 87

[Text] Beijing, 25 Oct (XINHUA)—The 13th CPC National Congress invited vice chairmen of the NPC Standing Committee and vice chairmen of the National CPPCC Committee who are not CPC members, the responsible persons of various democratic parties and the All-China Federation of Industry and Commerce, patriotic democratic personnel, and people of minority nationalities and religious circles without any party affiliation, totaling 96 persons, to attend the congress as guests. They are:

Hu Juewen, Xu Deheng, Zhu Xuefan, Ngapoi Ngawang Jigme, Banqen Erdini Qoigyi Gyancan, Zhou Gucheng, Yan Jici, Rong Yiren, Chu Tunan, Ji Fang, Zhuang Xiquan, Pagbalha Geleg Namgyai, Hu Ziang, Qian Changzhao, Dong Qiwu, Tao Zhiyue, Zhou Peiyuan, Burhan, Liao Yuntai, Wang Guangying, Deng Zhaoxiang, Fei Xiaotong, Zhao Puchu, Ye Shengtao, Qu Wu, Ba Jin, Mao Yisheng, Liu Jingji, Lei Jieqiong (female), Qian Weichang, Zheng Dongguo, Jia Yibin, Hou Jingru, Sun Yueqi, Peng Qingyuan, Li Ganliu, Sa Kongliao, Li Wenyi (female), Wen Jiasi, Gao Tian, Ye Duyi, Tao Dayong, Qian Jiaju, Luo Hanxian, Ma Dayou, Feng Zhijun, Xu Dixin, Sun Qimeng, Sun Xiaocun, Pu Jiexiu (female), Wan Guoquan, Feng Tiyun, Huang Daneng, Xie Bingxin (female), Chen Shunli, Ge Zhicheng, Chu Zhuang, Ye Zhishan, Sun Qizhen, Yan Xinmin, Xu Binru, Luo Jiaxi, Fang Rongxin, Zhang Shiming, Tian Guangtao, Huang Dingchen, Wu Chan, Xu Zhimeng, Lu Rongshu, Dong Yinchu, Pan Shu, Jin Shanbao, Sun Chengpei, Hao Yichun (female), Su Ziheng, Li Chung-ting, Tian Fuda, Lin Shengzhong, Luo Shuzhang (female), Gu Gengyu, Liu Nianzhi, Zhang Jingli, Huang Liangchen, Sun Fuling, Zheng Siyuan, Liang Shuming, Li Tiezheng, Aisin Giorro Pujie (Man nationality), Bai Shouyi (Hui nationality), Huang Yongyu (Tujia nationality), Zheng Guo (Buddhist), An Shiwei (Islamic), Li Yuhang (Taoist), Zong Huaide (Catholic), Yan Jiale (Christian) and Zhao Fusun.

**Zhao Chairs CPC Congress Preparatory Meeting**  
*OW240932 Beijing Domestic Service in Mandarin*  
*0900 GMT 24 Oct 87*

[Text] A preparatory meeting for the 13th CPC National Congress was held at the Great Hall of the People at 1500 this afternoon.

Zhao Ziyang, acting general secretary of the CPC Central Committee, presided over the meeting.

The meeting approved the agenda of the 13th CPC National Congress, which includes hearing and examining a report by the 12th CPC Central Committee; examining a written work report by the Central Advisory Commission and a written work report by the Central Discipline Inspection Commission; examining and approving the revision of some articles of the CPC Constitution; and electing the 13th CPC Central Committee, a new Central Advisory Commission, and a new Central Discipline Inspection Commission.

The preparatory meeting elected an 187-member Presidium of the congress. Hu Qili is the secretary general of the congress. The meeting approved an 18-member credentials committee, with Qiao Shi as its chairman and Song Ping and Guo Linxiang as vice chairmen.

The meeting also approved the organization of the congress Secretariat.

**Beijing Gives CPC Congress Presidium Namelist**  
*OW241145 Beijing Domestic Service in Mandarin*  
*0900 GMT 24 Oct 87*

[Text] Following is a namelist of the Presidium and secretary general of the 13th CPC National Congress:

Presidium, totaling 187 members, arranged in the order of the number of strokes in surname:

Ding Guangen, Yu Hongen, Wan Li, Wan Shaofen—female, Wan Haifeng, Xi Zhongxun, Ma Wenrui, Wang Ping, Wang Wei, Wang Fang, Wang Tao, Wang Hai, Wang Meng, Wang Qun, Wang Zhen, Wang Bingqian, Wang Hanbin, Wang Zhaoguo, Wang Renzhong, Wang Renzhi, Wang Chenghan, Wang Shoudao, Wang Enmao, Wang Heshou, Wei Chunshu—Zhuang nationality, Wei Guoqing—Zhuang nationality, You Taizhong, Mao Zhizhong, Ulanhu—Mongolian, Fang Yi, Yin Kesheng, Deng Liqun, Deng Xiaoping, Deng Yingchao—female, Ai Zhisheng, Buhe—Mongolian, Ye Fei, Ye Rutang, Tian Jiyun, Bai Lichen—Hui nationality, Ismail Amat—Uigur nationality, Xing Chongzhi, Lu Dong, Lu Zhengcao, Lu Peijian, Zhu Xun, Zhu Guang, Zhu Liang, Qiao Shi, Wu Shaozhi, Wu Xiuquan, Wu Jinghua—Yi nationality, Xiang Shouzhi, Quan Shuren, Doje Cering—Tibetan nationality, Liu Yi, Liu Lifeng, Liu Huaqing, Liu Zhenhua, Liu Lantao, Guan Guangfu—Man nationality, Jiang Hua—Yao nationality, Jiang Zemin, Xu

Shijie, Xu Jiatun, Sun Weiben, Rui Xingwen, Du Runsheng, Li Peng, Li Yimang, Li Lian, Li Ziqi, Li Ligong, Li Xiannian, Li Xuanhua, Li Guixian, Li Tieying, Li Menghua, Li Xue, Li Ruihuan, Li Ximing, Li Desheng, Li Yaowen, Yang Baibing, Yang Chengwu, Yang Rudai, Yang Xizong, Yang Yichen, Yang Shangkun, Yang Tzi-fang, Yang Dezhi, Yang Jingren—Hui nationality, Xiao Ke, Wu Wenying—female, Wu Xueqian, He Kang, He Dongchang, Yu Qiuli, Gu Mu, Zou Yu, Zou Jiahua, Wang Feng, Shen Daren, Song Ping, Song Jian, Song Hanliang, Song Renqiong, Song Shilun, Song Defu, Chi Haotian, Zhang Zhen, Zhang Jingfu, Zhang Boxing, Zhang Aiping, Zhang Guoying—female, Lu Dingyi, Chen Yun, Chen Pixian, Chen Zaidao, Chen Guangyi, Chen Xitong, Chen Junsheng, Chen Minzhang, Chen Huiguang, Chen Xilian, Chen Muhua—female, Lin Ruo, Lin Liyun—female, Luo Gan, Zhou Guangzhao, Zhou Shaozheng, Zheng Tianxiang, Zheng Tuobin, Zhao Dongwan, Zhao Ziyang, Hao Jianxiu—female, Hu Sheng, Hu Qiaomu, Hu Qili, Hu Jintao, Hu Yaobang, Duan Junyi, Hong Xuezhi, Yao Yilin, Qin Zhongda, Qin Jiwei, Geng Biao, Nie Rongzhen, Mo Wenxiang, Jia Chunwang, Qian Zhengying—female, Qian Yongchang, Qian Liren, Qian Xuesen, Tomur Dawamat—Uigur nationality, Ni Zhifu, Xu Xiangqian, Gao Yang, Gao Di, Gao Dezhuan, Guo Linxiang, Ji Pengfei, Huang Hua, Huang Zhen, Huang Huoqing, Qi Yuanjing, Cui Naifu, Kang Shien, Kang Keqing—female, Yan Mingfu, Liang Buting, Wei Jianxing, Peng Chong, Peng Zhen, Jiang Xinxiang, Han Guang, Han Peixin, Cheng Zihuang, Pu Chaozhu, Zeng Xianlin, Wen Jiabao, Liao Hui, Liao Hansheng—Tujia nationality, Seypidin Aizezi—Uigur nationality, Xue Ju, Bo Yibo, and Mu Qing—Hui nationality.

Secretary General: Hu Qili.

**Hu Yaobang on Presidium Standing Committee**  
*OW241125 Beijing Domestic Service in Mandarin*  
*0900 GMT 24 Oct 87*

[Text] The Presidium of the 13th CPC National Congress held its first meeting at the Great Hall of the People this afternoon. Hu Qili, secretary general of the congress, presided over the meeting. Comrade Zhao Ziyang spoke at the meeting.

The meeting elected 30 comrades to the Standing Committee of the Presidium. They are: Zhao Ziyang, Deng Xiaoping, Li Xiannian, Chen Yun, Hu Yaobang, Wan Li, Xi Zhongxun, Fang Yi, Tian Jiyun, Qiao Shi, Li Peng, Yang Shangkun, Yang Dezhi, Wu Xueqian, Yu Qiuli, Hu Qiaomu, Hu Qili, Yao Yilin, Ni Zhifu, Peng Zhen, Qin Jiwei, Chen Muhua, Chen Pixian, Deng Liqun, Hao Jianxiu, Wang Zhaoguo, Wang Zhen, Bo Yibo, Song Renqiong, and Wang Heshou.

The meeting elected Qiao Shi, Song Ping, and Wen Jiabao as deputy secretaries general of the congress.

It heard explanations given by Qiao Shi, chairman of the Credentials Committee, and approved a report of the Credentials Committee on the examination of the credentials of the delegates to the congress.

The report says: The election of 13th Party Congress delegates, from the preliminary discussions and nomination of candidates to deciding the short lists of candidates and formal elections, has been conducted in a democratic way following the principle of democratic centralism and respecting the will and democratic rights of the electors. Some electoral units, after listening to the views of all quarters concerned, replaced candidates who were not qualified to serve as delegates. All delegates were elected by secret ballot among multiple candidates.

The report says: The 1,936 delegates elected are highly representative. They include 1,465 cadres from various levels, accounting for 75.7 percent of the total; 366 persons from the economic, science and technology, culture and education, physical culture, and public health sectors, accounting for 18.9 percent; and 105 are combat heroes and model workers, accounting for 5.4 percent. Among the delegates, there are 1,152 persons with college or higher educational background, accounting for 59.5 percent of the total; 288 women, accounting for 14.9 percent; and 210 persons are minority delegates, accounting for 10.8 percent. There are 1,139 party delegates who are below the age of 55, accounting for 58.8 percent of the total. Among the delegates, there are also a few retired veteran comrades who have made contributions to the party in the long revolutionary struggle and socialist construction. The overwhelming majority of the delegates elected to the 13th CPC National Congress are party members who have done outstanding work, are capable of weighing state affairs, enjoy high prestige, and maintain close contact with the masses in their different localities, departments, and nationalities.

The report says: The Credentials Committee held that the election of the 1,936 delegates by 33 electoral units nationwide conforms to the relevant regulations of the party Constitution and the two Central Committee circulars on the election of the 13th National CPC Congress, and hence the qualifications of the delegates are valid.

The report says: The congress also invited 61 veteran comrades as specially invited delegates who joined the party before 1927 and who have served in important leadership positions in the party, made contributions to the party, and enjoyed high prestige.

The meeting approved a list of observers and guests to the congress.

The Presidium meeting also approved the schedule of the congress. According to the schedule, the congress will open on 25 October.

**Namelist of CPC Congress Credentials Committee**  
*OW241149 Beijing Domestic Service in Mandarin  
0900 GMT 24 Oct 87*

[Text] The 18-member Credentials Committee of the 13th CPC National Congress is comprised of the following persons:

Chairman: Qiao Shi

Vice Chairmen: Song Ping and Guo Linxiang

Members, arranged in the order of the number of strokes in surname: Buhe—Mongolian, Lu Feng, Liu Liying—female, Guan Guangfu—Man nationality, Guo Feng, Su Yiran, Li Dongye, Li Jianzhen—female, Yang Rudai, Chen Yiping, Hong Xuezhi, Gao Yang, Huang Luobin, Wei Jianxing, and Han Guang.

**Zhu Muzhi Press Conference on CPC Congress**  
*OW241743 Beijing Television Service in Mandarin  
1135 GMT 24 Oct 87*

[Press conference given by Zhu Muzhi, spokesman for the 13th CPC National Congress, for Chinese and foreign reporters at the Great Hall of the People in Beijing on 24 October; Zhu speaks in Mandarin followed by passage-by-passage English translation from unidentified interpreter; foreign reporters' question in English followed by passage-by-passage translation into Mandarin; press conference chaired by Gao Liang, director of the 13th CPC Congress press center—recorded]

[Text] [Gao Liang] We now start the press conference hosted by Comrade Zhu Muzhi, press spokesman for the 13th CPC National Congress. First of all, Comrade Zhu Muzhi will give you a briefing on the preparatory meeting which was held this afternoon. Then he will be ready to answer your questions. The press conference will last about an hour.

[Zhu Muzhi] Ladies and gentlemen: We welcome you to cover our party congress. We are most willing to offer services to you, and it is our sincere hope that your reporting will be fruitful. I would now like to give you a briefing on the preparatory meeting for the National Party Congress, in which all the delegates participated, which just concluded late this afternoon. The preparatory meeting, which was presided over by Comrade Zhao Ziyang, adopted the agenda for the congress. The main agenda items include hearing and deliberating on the report which will be delivered to the congress by Comrade Zhao Ziyang on behalf of the Central Committee and deliberating on the reports submitted to the party congress by the Central Advisory Commission and the Central Discipline Inspection Commission. The congress will also deliberate and approve amendments to some articles in the party Constitution. The Congress will also elect the new, or the 13th, CPC Central Committee; it will also elect the Central Advisory Commission and the Central Discipline Inspection Commission.

The congress will open at 0900 [0100 GMT] tomorrow. Comrade Zhao Ziyang will deliver a report to the congress on behalf of the 12th CPC Central Committee. You will attend the meeting tomorrow. Then there will be group discussions. The congress will close on 1 November.

The preparatory meeting this afternoon also adopted the list of members of the Presidium and the secretary general. The Presidium is composed of 187 members, and Comrade Hu Qili will be the secretary general of the congress. At the Presidium meeting held after the preparatory meeting, 30 comrades were elected as members of the Presidium's Executive Committee. The meeting also adopted the list of deputy secretaries general. The deputy secretaries general are Comrades Qiao Shi, Song Ping, and Wen Jiabao.

The meeting also decided to invite vice chairmen of the NPC Standing Committee and the CPPCC National Committee—who are not CPC members—to attend the congress as observers. It also decided to invite leading figures of all democratic parties, the All-China Federation of Industry and Commerce, and people of other circles to attend tomorrow's meeting. So much for my briefing; it is my very great pleasure to take up your questions now.

[Gao] Please now raise questions. Before you raise questions, please identify yourselves and the news agencies you represent.

[Reporter] I am representing *China Daily*. According to what is learned, the method for the election of the members of the Central Committee will be just like the method for the election of the deputies to the 13th Party Congress—multiple candidates for one given post. What will be the proportion of candidates for one delegate, and what is the difference compared with the method used in the past? My second question is: What will be the new policies on intellectuals and what will be the specific measures for intellectuals after the 13th Party Congress? My third question is: Would you please give us an account of the problem of Shen Tu? When was his problem discovered, and what is the nature of his problem?

[Zhu] The question of electing members of the Central Committee will be discussed and decided upon by the party congress. Our party has all along attached great importance to the question of intellectuals. Comrade Zhao Ziyang will talk about this question in his report. As for the problem of Shen Tu, he violated discipline as a person conducting foreign affairs, and he also sought personal gain by abusing his authority and power. He asked without paying for international plane tickets from foreigners for his children. For a high-ranking cadre, this is a very serious mistake. As for what was the process for the handling of his problem, I think you can ask this question to the Central Discipline Inspection Commission for a detailed answer.

[Reporter] I represent Hong Kong TVB. My questions are: Do you think that the struggle against bourgeois liberalization will be one of the agenda items for the party congress? At the party congress, you will elect the new general secretary of the party; do you think the mistakes of former party General Secretary Hu Yaobang will be submitted for discussion to the party congress this time? And the third question is whether the amendments to some of the articles of the party Constitution include the question of rejuvenating the CPC leadership.

[Zhu] The struggle against bourgeois liberalization is a long-term struggle. This question will be touched upon during the current party congress, but it will not be one of the major questions to be discussed at the congress because this question was already basically solved in the previous period.

As for your second question relating to the problem of Comrade Hu Yaobang, this problem will not be discussed as it has already been solved. This is my personal view. I think the delegates believe that this problem has already been solved, and his resignation has already been affirmed at the 7th Plenary Session of the 12th Central Committee. So this question will not be brought up for discussion again.

As for whether the amendment of some articles in the party Constitution would involve the question of rejuvenating the leadership, I think amending the party Constitution will be made mainly to enable us to keep abreast of new developments and the changes brought about by economic and political structural reform. Rejuvenating the leadership is, of course, one of the questions to be dealt with. As for how specific amendments will be made to the party Constitution, this will be discussed and decided at the party congress.

[Reporter] I am [name indistinct]. I want to know if Mr Deng is going to make an opening speech as he did at the 12th congress, and if that is the case, will we have the text?

[Zhu] Tomorrow's congress will be presided over by Comrade Deng Xiaoping. If he makes a speech, we will of course give you the text. He is also a member of the Standing Committee of the Presidium.

[Reporter] Peter (Sielens) from [words indistinct], Germany. Could you tell us what delegations from the Soviet Union, other East European countries, and from West European communist parties are coming, and on what levels the delegations are being led?

[Zhu] We have not invited foreign delegations to this congress.

[Reporter] I am [words indistinct] of Norway. Will the party congress discuss the report about the recent clashes in Tibet?

[Zhu] The riots in Xizang were stirred up and master-minded by the Dalai Lama clique with the participation of a small number of splittists. The number of people who took part in the riots was very small, and what they did was extremely unpopular and was strongly condemned by the broad masses of Tibetan compatriots. The situation has already calmed down. I do not think it is necessary to discuss this question at the party congress. I do not think there will be anyone who will raise this question for discussion at the party congress.

[Reporter] I am a reporter for *Zhongguo Tongxun She* in Hong Kong. My questions are: Party congresses in the past were not open to overseas journalists. What is the special significance of the present party congress, which is open to overseas journalists? The second question is whether the issue of one country, two systems will be discussed at the party congress. What kind of reactions will you make to the changes in the situation in Hong Kong, Macao, and particularly Taiwan?

[Zhu] As you know, the central agenda of the 13th Party Congress will be to further accelerate our reform and to further open up China. I think the decision by the party congress to open this congress to the journalists is a reflection of this spirit.

The concept of one country with two systems is our consistent policy. As I mentioned just now, the central point of the present party congress will be to further accelerate and deepen our reform. The concept of one country with two systems is very important and will be touched upon during the party congress, but I speculate that much of the attention will be devoted to reform and opening up. As for the question of Taiwan, recently the Taiwan authorities agreed to allow the compatriots in Taiwan to come back to the mainland for family visits. We welcome this. Our policy toward Taiwan is also consistent, that is, it is our hope to establish the three links of trade and shipping and mail services between the two sides of the Taiwan Strait, and to achieve reunification of China through peaceful negotiations. I believe the 13th Party Congress will make no change in this policy.

[Reporter] I am from the *Bulgarian Telegraph Agency*. Can you tell us the exact number of party members, how many have entered the party since the 12th Party Congress, and, if possible, their social status in a percentage: how many workers, peasants, and so forth?

[Zhu] The total number of the CPC members is 46.01 million. During the period from the 12th Party Congress to the 13th Party Congress more than 7 million people have been admitted to the membership of the CPC. Among them, more than 1.2 million new party members engage in various kinds of professional work. The peasant members of our party, roughly speaking, account for 40 percent of the total. As a result of the development of the township and village industries in the rural areas of China, many party members in Chinese countryside

have already shifted to rural industries. According to our rough calculation, during this period of time more than 3.6 million CPC members in rural areas have shifted to rural industries.

[Reporter] I am [name indistinct] from *The Guardian*. I'd like to know when the new Political Bureau will be elected and when it will meet, and when the new Standing Committee will be elected and when it will meet for the first time.

[Zhu] The election for the new Political Bureau will be held after the election of the new Central Committee. That means the election of the new Political Bureau will be held at the first 13th Central Committee after the conclusion of the party congress.

[Reporter] I am [name indistinct] from *The Christian Science Monitor*....

[Zhu, continuing to answer *The Guardian* reporter's question] It will be held immediately after the conclusion of the congress, according to the usual practice.

[*The Christian Science Monitor* reporter, continuing] Mr Zhu, could you reveal details about the proposed amendments to the party Constitution, such as which articles would be amended and in what way, or will new articles be added to the Constitution? In addition, who will present the Central Advisory Commission and Central Discipline Inspection Commission reports, and on which days? And on what date will the new Central Committee be elected? Also would it be possible for us to have interviews with any of the top leaders attending the congress?

[Zhu] Regarding the amendment of some of the articles of the party Constitution, we have to wait until the decisions by the delegates to the party congress, because it is necessary for the party congress to discuss and make decisions on an amendment first. The elections for the Central Advisory Commission, the Central Discipline Inspection Commission, and the Central Committee of the CPC will be held at the end of the party congress. As for your question on whether you can interview the high-ranking leaders who attend the party congress, we would like to convey your requests to these high-ranking leaders.

[Reporter] My name is Hopkins, of VOA *[Voice of America]*. Can you tell us, Sir, if the sentiment now within the party to accede to Deng Xiaoping's stated desire to retire from the Standing Committee, or is there still indecision as to whether he should retire?

[Zhu] Comrade Deng Xiaoping has talked with many foreign guests about his hope to retire from the leading posts. He also mentioned that many people do not agree

with his desire, and he also stated that he would try to persuade these people. As to whether he has succeeded in his persuasion, we can wait and look for the result at the party congress.

[Reporter] I am from Singapore's *Lian He Wan Bao*. My question is whether it is possible for us to get a list of the delegates to the party congress, and would you please give us brief biographical notes on the party delegates. Would you also please give the proportion of the party members who are workers, peasants, intellectuals, government employees, and from the armed forces?

[Zhu] As for the list of the delegates to the party congress, in the past we did not make the list of all the delegates public. We can raise this question with the Secretariat of the congress. As for your question on the proportions of the party delegates who are workers or farmers, I think there are several implications of [the terms] workers and farmers. One of the implications is that the person, or the delegate himself, is a worker or a farmer. The second implication is that the delegate used to be a worker or a peasant in the past. And the third implication is that his family background is worker's or peasant's background. Therefore, it is very complicated to collect statistics like that, so we have not compiled statistics according to such proportions. However, such statistics have been made public in the past.

[Reporter] I am (Vila Elliot), representing *Hungarian News Agency* [MTI]. Comrade Zhu, would you please explain why the question of political reform is not a separate or independent item on the agenda of the party congress?

[Zhu] The question of political structural reform is included in the report that will be delivered by Comrade Zhao Ziyang. It is not a separate agenda item for this congress.

[Reporter] I am representing Hong Kong's *Ming Pao*. My question is whether personnel arrangements will affect the structure of the leading organs of the party: for example, whether the structure of the Standing Committee of the Central Committee Political Bureau will be affected.

[Zhu] The party congress will decide on the makeup of the leading organs of the Central Committee and the future form of the leading organs of the Central Committee.

[Reporter] I am David Howe of The Los Angeles Times. What is the function of the secretary general of the party congress, and why was Hu Qili selected to this instead of Zhao Ziyang. And who is the secretary general of the 12th Party Congress?

[Zhu] I think it is quite understandable for the party congress to have a secretary general, because there are many things and tasks in the party congress that should

be undertaken by a designated person. For example, the Presidium meeting today adopted the list of the members of the congress Secretariat because there are many specific things to be taken care of in order for a congress to be successful. According to my recollection, the secretary general of the 12th Party Congress was Comrade Zhao Ziyang. I still have to check.

[Reporter] I represent *China Financial Times*. My question is: At the 12th Party Congress, a decision was made to accelerate economic structural reform in China, and at the 13th Party Congress you will discuss political structural reform in China. Why should you raise the question of political structural reform in China after a period of 5 years? Does this mean that difficulties have been encountered in economic structural reform? And what is the present economic situation in China?

[Zhu] I just mentioned that the central agenda item of the 13th Party Congress will be accelerating and deepening reforms. For this purpose, in addition to the continuation of our economic structural reform, it is necessary for us to carry out political structural reform at the same time. If political structural reform is not conducted, economic structural reform cannot be continued. As a result of our reform in the past few years, the economic situation in China is excellent. Recently some newspapers in China — mainly *Renmin Ribao* — have systematically introduced the economic successes achieved in the past few years. Political structural reform is raised for the purpose of further and better promoting and guaranteeing economic structural reform.

[Reporter] I am (Better Desco) from the French News Agency. Mr Zhu, this congress seems to be mainly focused on domestic programs and policies, but I wonder which aspects of the international relations between China today and other countries will be discussed during the congress and which specific points, such as relations between China and the USSR or China and the United States, will be included in the final report? [question as heard]

[Zhu] The party congress will mainly discuss the question of reform, and, I think, the party congress will also touch upon China's relations with foreign countries.

[Reporter] I represent *Ta Kung Pao* in Hong Kong. According to social investigation, the people in China are not satisfied with the style of work of the party. Do you think this question will be discussed at the party congress and what kind of measures will be adopted?

[Zhu] We are holding the party congress, and naturally we will attach great importance to party building. By putting forward the idea of separating government and party functions, we hope to achieve better party building. In discussing the question of party building of the Communist Party, of course, we will talk about the

question of how to further rectify party work style. I believe this is a major question our delegates will be concerned about. [Last sentence not translated by interpreter]

**Beijing Leaders Attend Party Congress**  
*OW260751 Beijing XINHUA Domestic Service  
 in Chinese 1421 GMT 25 Oct 87*

[Special feature by XINHUA reporters Li Shangzhi and Yu Jiafu: "The Party's Grand Meeting, the People's Festival"]

[Excerpts] Beijing, 25 Oct (XINHUA)—The 13th National Congress of the Communist Party of China, which has become the focus of world attention, will open in less than half an hour. The 83-year-old Comrade Deng Xiaoping, his face glowing with health, walks with vigorous strides into the Great Hall of the People and encounters Comrade Deng Yingchao.

"Comrade Xiaoping, congratulations on the opening of the 13th Party Congress," Deng Yingchao happily said to Deng Xiaoping.

"Let's congratulate all comrades. Today is the party's grand meeting and the people's festival and deserves congratulations." Deng Xiaoping says smiling while warmly shaking hands with Deng Yingchao.

When Deng Xiaoping sees the 88-year-old Marshal Nie Rongzhen sitting in a wheelchair not far away, he asks Deng Yingchao to have a photo taken together as a memento. They walk up to Marshal Nie. The three veteran comrades warmly shake hands, congratulate each other on the opening of the 13th Party Congress, and ask each other to take good care of his and her health so as to live long and healthily.

"Comrade Peng Zhen, let's have a photo taken together as a memento," says Deng Xiaoping when he sees the 85-year-old Peng Zhen. They warmly shake hands.

"You are having a photo taken. Let Comrade Xiannian join you," Zhao Ziyang, sitting nearby, suggested smiling.

"Good, it is meaningful to have a photo taken at the 13th Party Congress," Li Xiannian joyfully says, standing on the left side of Deng Xiaoping, and has a photo taken with them.

Zhao Ziyang, who will make a report to the congress, seems quite relaxed. Shaking hands with him, Peng Zhen says: "You are running the show today." Zhao Ziyang says: "I'll read as fast as I can when I make the report to avoid dragging on too long." [passage omitted]

When a reporter attempts to take a photo of Hu Yaobang, Hu Yaobang says, smiling: "Go and take some photos of the elderly veteran comrades!"

Comrades Wan Li and Yao Yilin go up to greet Marshal Nie and ask after his health with deep concern. Wan Li says: "May our veteran marshal enjoy good health and live long." Marshal Nie says: "Thank you, thank you."

Today, Comrade Ulanhu arrives earlier than others. Many comrades ask after his health. Ulanhu says: "Now that our party's cause is thriving, we feel happy, and we will also enjoy our good health."

The bell is ringing, signifying the opening of the Congress. Members of the Presidium of the Congress are walking onto the rostrum, chatting and smiling. Deng Xiaoping, walking in front, warmly shakes hands with Chen Yun and Xu Xiangqian, congratulating each other. When Chen Yun sees Nie Rongzhen, the two veteran comrades salute each other by raising their right hands.

Yang Shangkun says to the reporters, smiling: "I watched the television reporting on yesterday's news conference. The coverage was a success. I hope you will take more pains to cover this congress well." Seeing Chen Yun and Xu Xiangqian sitting on the same row, he goes up to greet them. [passage omitted]

**Live TV Coverage of Opening of CPC Congress**

*OW251234 [Editorial Report] Beijing Television Service in Mandarin at 0058 GMT on 25 October begins a live relay of the opening of 13th CPC National Congress.*

At 0058 GMT, an announcer says: "Zhao Ziyang, Deng Xiaoping, Li Xiannian, Chen Yun, Hu Yaobang, Peng Zhen, Deng Yingchao, Xu Xiangqian, Nie Rongzhen, Ulanhu, Wan Li, Xi Zhongxun, Fang Yi, Tian Jiyun, Qiao Shi, Li Peng, Yang Shangkun, Yang Dezhi, Wu Xueqian, Yu Qiuli, Hu Qiaomu, Hu Qili, Yao Yilin, Ni Zhifu, Qin Jiwei, Chen Muhua, Wang Zhen, Bo Yibo, Song Renqiong, Chen Pixian, Deng Liqun, Hao Jianxiu, Wang Zhaoguo, and Wang Heshou are seated in the front row of the rostrum."

During this, the video shows leaders walking toward their seats on the rostrum. Deng Xiaoping and Li Xiannian are seen walking ahead of the others, with Deng clapping his hands as he walks, unaided. They are followed by Chen Yun, who moves slowly, taking very short steps. Zhao Ziyang is seen walking beside Chen Yun and holding the latter's left arm as they walk. Walking behind Zhao Ziyang is Peng Zhen. The camera then cuts to long shots of the entire stage and holds this shot for about 1 minute. From the long view, Chen Yun's slow movement seems to be blocking the advance of others behind him. Following the long shots of the stage, the camera pans to show the audience in the meeting hall. It does not show other leaders on the rostrum.

## 13TH CPC NATIONAL CONGRESS

At 0101 GMT, Deng Xiaoping declares the 13th CPC National Congress open. The delegates stand for the playing of the "Internationale." While all the participants are standing, Deng asks them to stand in silent tribute to Comrades Mao Zedong, Zhou Enlai, Liu Shaoqi, Zhu De, and others of the older generation of proletarian revolutionaries.

At 0104 GMT, after stating that 1,953 is the actual number of delegates to the congress, Deng asks Zhao Ziyang to make a report on behalf of the 12th CPC Central Committee.

At 0105 GMT, closeup shots of Zhao Ziyang, seated, begin as he delivers a work report entitled "Advance Along the Road of Socialism With Chinese Characteristics" on behalf of the 12th CPC Central Committee. Part 1 of his report is entitled "Historic Achievements and the Tasks of the Current Congress."

As Zhao speaks, the video includes various shots of the leaders. Seated in the first row of the rostrum, from left to right, are Wang Heshou, Hao Jianxiu, Chen Pixian, Bo Yibo, Chen Muhua, Ni Zhifu, Hu Qili, Yu Qiuli, Yang Dezhi, Li Peng, Tian Jiyun, Xi Zhongxun, Ulanhu, Xu Xiangqian, Peng Zhen, Chen Yun, Deng Xiaoping, Zhao Ziyang, Li Xiannian, Hu Yaobang, Deng Yingchao, Nie Rongzhen, Wan Li, Fang Yi, Qiao Shi, Yang Shangkun, Wu Xueqian, Hu Qiaomu, Yao Yilin, Qin Jiwei, Wang Zhen, Song Renqiong, and Deng Liqun.

Seated in the second row are Wang Hanbin, Wang Renzhong, Wang Bingqian, Wang Meng, and others. Rong Yiren, Yan Jici, Zhou Gucheng, Banqen Erdini Qoiqyi Gyancan, Ngapoi Ngawang Jigme, Zhu Xuesan, and others are also seen seated on the rostrum.

At 0118 GMT, Zhao Ziyang begins Part 2 of his report, entitled: "The Primary Stage of Socialism and the Basic Line of the Party."

At 0135 GMT, Zhao Ziyang begins Part 3 of his report, entitled: "The Strategy for Economic Development."

At 0200 GMT, Zhao Ziyang begins Part 4 of his report, entitled: "Restructuring the Economy."

At 0220 GMT, Zhao Ziyang begins Part 5 of his report, entitled: "On Reform of the Political Structure."

At 0256 GMT, Zhao Ziyang begins Part 6 of his report, entitled: "Strengthening Party Building While Carrying Out Reform and the Open Policy."

At 0315 GMT, Zhao Ziyang begins Part 7 of his report, entitled: "Striving To Win Victories for Marxism in China."

At 0335 GMT, Zhao Ziyang ends his report to warm applause. A seated Deng Xiaoping then announces: "The meeting is ended." A closeup shot of Deng follows, as he stands.

At 0336 GMT, the video shows a huge sign with a sickle and hammer on the stage after the announcer says: "Dear listeners, the live relay of the opening ceremony of the 13th CPC National Congress now ends. Goodbye."

The live relay by Beijing Television Service concludes at 0336 GMT.

### 13th National CPC Congress Begins Activities

OW250152 Beijing XINHUA in English 0131 GMT  
25 Oct 87

[Text] Beijing, October 25 (XINHUA)—The 13th National Congress of the Chinese Communist Party opened at the Great Hall of the People this morning, with a focal theme on accelerating and deepening the current reform.

Deng Xiaoping declared the congress open at 9 am and then a band played the "Internationale". The hall stood in silence to mourn the deceased veteran revolutionary leaders, including Mao Zedong, Zhou Enlai, Liu Shaoqi and Zhu De, as well as revolutionary martyrs.

On behalf of the party's 12th Central Committee, Zhao Ziyang, acting general secretary of the CPC Central Committee, addressed the 2,000 delegates and specially-invited delegates. His 34,000-character work report is entitled "Advance Along the Road of Socialism With Chinese Characteristics".

Seated on the rostrum were congress presidium members including Zhao Ziyang, Deng Xiaoping, Li Xiannian, Chen Yun and Hu Yaobang, who were members of the Political Bureau Standing Committee of the 12th Central Committee. Also on the rostrum were the invited guests, including non-Communist Party vice chairmen of the Standing Committee of the National People's Congress, and of the Chinese People's Political Consultative Conference; leaders of various democratic parties and the All-China Federation of Industry and Commerce; patriots without a party affiliation; prominent representatives of minority nationalities and religious circles.

The backdrop of the rostrum featured a design of a hammer and sickle, flanked by five red banners on each side. The edge of the rostrum was decorated with pots of flowers.

The delegates and specially-invited delegates attending today's opening session represent the 46 million party members working in all fields of endeavor throughout

the country. Among them are veteran revolutionary fighters who joined the party before 1927 and persons just over 20 who have distinguished themselves in the reform.

The observers at today's session are those Central Committee members and alternate members who are not congress delegates, as well as those members of the Central Advisory Commission and the Central Commission for Discipline Inspection; leaders from various provinces and autonomous regions and from the state organs, and party's leading organs and high-ranking officers of the Chinese People's Liberation Army, who are not congress delegates.

Over 400 Chinese and foreign journalists covered today's session which was also televised live by the China Central Television Station.

**XINHUA Reports on 13th CPC Congress Opening**  
*OW252215 Beijing XINHUA Domestic Service  
in Chinese 0743 GMT 25 Oct 87*

[Excerpts] Beijing, 25 Oct (XINHUA)—The 13th CPC National Congress, whose central task is to further accelerate and deepen reform, opened this morning in the Great Hall of the People.

Comrade Deng Xiaoping presided over the congress.

Entrusted by the 12th CPC Central Committee, Comrade Zhao Ziyang delivered a report at the congress, entitled: "Advance Along the Road of Socialism With Chinese Characteristics."

The convocation of the 13th CPC National Congress is the focus of world attention. People at home and abroad are paying attention to this congress not only because they want to know more about and better understand China's great achievements in socialist construction since the 3d Plenary Session of the 11th CPC Central Committee, but also because they want to see what principles, policies, and concrete measures the congress will put forward to further accelerate and deepen the reform. They want to understand such questions as what is covered by China's political restructuring, how such restructuring is to be carried out, and what the personnel arrangements are.

With the great trust placed in them by the more than 46 million members of the party, the delegates, wearing red congress-attendance cards on their chests and in a jubilant mood, came from their dwelling places to the Great Hall of the People this morning to attend the opening ceremony of the congress. They included both proletarian revolutionaries of the older generation and outstanding young and middle-aged people who have contributed to the work of reform and opening to the outside world.

When the members of the Presidium of the congress and the guests invited to the congress—vice chairmen of the NPC Standing Committee and vice chairmen of the CPPCC National Committee who are not party members, responsible persons of democratic parties and the All-China Federation of Industry and Commerce, patriotic people without party affiliation, people of minority nationalities, and public figures from religious circles—were taking their seats on the rostrum, a jubilant atmosphere permeated the brightly lit auditorium.

Seated in the front row on the rostrum were 34 comrades. They were Zhao Ziyang, Deng Xiaoping, Li Xian-nian, Chen Yun, Hu Yaobang, Peng Zhen, Deng Ying-chao, Xu Xiangqian, Nie Rongzhen, Ulanhu, Wan Li, Xi Zhongxun, Fang Yi, Tian Jiyun, Qiao Shi, Li Peng, Yang Shangkun, Yang Dezhi, Wu Xueqian, Yu Qiuli, Hu Qiaomu, Hu Qili, Yao Yilin, Ni Zhifu, Qin Jiwei, Chen Muhua, Chen Pixian, Deng Liqun, Hao Jianxiu, Wang Zhaoguo, Wang Zhen, Bo Yibo, Song Renqiong, and Wang Heshou.

At 0900 Comrade Deng Xiaoping declared the congress open. A military band played "The Internationale." Then all the comrades stood in silence to mourn deceased veteran proletarian revolutionaries including Mao Zedong, Zhou Enlai, Liu Shaoqi, and Zhu De, as well as revolutionary martyrs.

Comrade Deng Xiaoping said: The number of delegates to report to the 13th CPC National Congress is 1,936, and the number of specially invited delegates is 61. The number of delegates actually attending today's session is 1,953.

Then, Zhao Ziyang began to deliver a report which received warm applause. [passage omitted]

While Zhao Ziyang was delivering the report, warm applause burst out from time to time in the auditorium.

A total of 317 people attended today's session as observers. They were members of the 12th CPC Central Committee, members of the Central Advisory Commission, and members of the Central Discipline Inspection Commission, as well as veteran comrades and other responsible comrades concerned within the party who are not delegates to the 13th CPC National Congress.

**Zhao Ziyang Work Report to CPC Congress**  
*OW250422 Beijing Domestic Service in Mandarin 0105  
GMT 25 Oct 87*

[Report by Zhao Ziyang, acting general secretary of the Communist Party of China, entitled "Advance Along the Road of Socialism With Chinese Characteristics"; delivered on behalf of the 12th CPC Central Committee at the 13th National CPC Congress opening session in the Great Hall of the People in Beijing — live]

[Text] Comrades, entrusted by the 12th Central Committee, I am delivering this work report to the congress. [applause]

### 1. Historic Achievements and the Tasks of This Congress [subhead]

The 12th National Congress of the Party upheld and developed the line pursued since the 3d Plenary Session of the 11th CPC Central Committee. It put forward the program of creating in an all-around way a new situation in socialist construction. Since the 12th Congress, the CPC Central Committee has convened seven plenary sessions and one national meeting of party representatives, which have adopted in a timely manner correct decisions on a series of important matters, thus vigorously advancing opening up and reform and accelerating the construction of material and spiritual civilizations.

Nine years have passed since the 3d Plenary Session of the 11th CPC Central Committee through the 12th Party Congress. During the 9 years, we have, on the basis of the great achievements of socialist construction scored since the PRC's founding, opened up a new period of development in the party's history and profound changes have taken place in the country. Paying close attention to the central task of economic construction, we have achieved sustained and steady growth of the national economy. The gross national product, state revenues, and the average income of both urban and rural residents, roughly speaking, have all doubled in the past 9 years. As things stand today, we are absolutely confident that we can achieve the targets of economic development set forth by the 12th Congress by the end of the century. [applause]

With the development of production, we have either solved or found solutions for many of the serious economic problems that have long bothered us. The overwhelming majority of the 1 billion people have secured a life with enough food and clothing, and people in some areas are becoming well-off. There are still certain areas where the problem of food and clothing has not yet been solved, but even in those places there has been some improvement.

New avenues of employment have been opened up in both urban and rural areas. Some 70 million people in cities and towns have been newly employed. While in the countryside, where village and township enterprises have emerged as a new force, 80 million peasants have shifted wholly or partly from farming to industry. Market supplies have improved greatly, and we have, on the whole, put an end to the situation in which there were acute and long-lasting shortages of consumer goods. There has been marked improvement in the situation of serious imbalance between major sectors of the national economy, which has gradually been set on a course of more or less coordinated development. It should be said that the past 9 years is a period in which the national economic strength grew fastest and the people really benefited the most from it. This represents a sharp contrast to the 20 years from the late 1950's to the 3d Plenary Session of 11th CPC Central Committee in which the people's living standards improved very little as a

result of the influence of leftist guiding ideology, which takes class struggle as the key link, and the setbacks in economic development. All the achievements we have scored in economic construction in the 9 years are inseparable from the resolute efforts to promote all-around reform and opening to the outside world on the basis of rectifying things that have been in disarray. Reform and opening to the outside world have broken down the rigid economic structure and injected life into the economy. The socialist commodity economy has grown vigorously and with irresistible momentum. The coastal areas, from south to north, have formed a vast forward strip open to the outside world. The enthusiasm of the people has been brought into play, and this has further emancipated the productive forces. Reform and opening to the outside world have also brought about new emancipation of the national spirit. Many outdated ideas that had long stifled the people's mind have been done away with. Active promotion of reform, bold exploration, and stressing practical results are becoming trends.

With the passing of time, people will be able to see more clearly the reason why the past 9 years have been unusual and why we attracted worldwide attention: because many new ideas conducive to social progress emerged in this period, and the foundation for a pioneering new structure was laid. The reform of the socialist structure, insofar as the scope and range of the social changes it has brought, is another revolution.

To ensure the successful progress of economic development and reforms and opening to the outside world, our party has organized the people and led them in doing a great deal of work in the fields of politics, ideology, culture, national defense, and diplomacy, and notable achievements have been made in these respects. Political stability and unity have been further consolidated and developed. Various kinds of social contradictions have been properly handled on the basis of upholding the four cardinal principles and promoting construction and reforms. As a result, we have succeeded in eliminating leftist and rightist interference. There has been a notable improvement in social order. The sound progress of the struggle against bourgeois liberalization has enhanced the people's awareness. We have gained experience in opposing erroneous ideas by relying on face-to-face education or correct criticism instead of by launching a political movement. In the intense reform it is imperative to maintain stability and unity, and it is not easy to do this. Progress has been made in developing socialist democracy and improving the socialist legal system. A system of socialist legality has been initially established on the basis of the Constitution. People have become more interested in political affairs, and the patriotic united front keeps expanding. The system of multiparty cooperation and consultation under the leadership of the CPC has played an active role. The fraternal unity among our various nationalities has become more consolidated. There has been significant progress in the building a socialist spiritual civilization. Education on

ideals, morality, and legality is being launched throughout the country. Education, science, culture, art, news reporting, publication, health, and sports are developing. A 9-year compulsory education system is being implemented step by step. A strategic change in guiding principles has taken place in our national defense, and a significant achievement has been scored in reorganizing and reforming the Armed Forces. New progress has been made in modernizing and regularizing the Armed Forces and making them more revolutionary in the process of reducing their strength by 1 million men. Our Armed Forces have further enhanced their defense operational capability. The PLA has made tremendous contributions in defending the motherland, combating natural disasters, and participating in socialist construction. In accordance with the principle of "one country, two systems," China has reached agreement with Britain and Portugal on solving the Hong Kong and Macao issues. We will, in accordance with this principle, strive to solve the Taiwan problems through peaceful means. History will prove that the concept of accomplishing the reunification of China on the basis of this principle is a great political invention of the Chinese nation. In line with the international situation and the needs of our modernization program, we, having readjusted our diplomatic pattern and our party's external relations after taking into consideration the two important matters of peace and construction, have developed an independent foreign policy of opposing hegemony and safeguarding world peace. As a result, we have made more friends internationally.

Comrades, practice in past 9 years proves that our party is worthy to be called a great, glorious, and correct party. It also proves that the line pursued since the 3d Plenary Session of the 11th CPC Central Committee is a correct Marxist line. [applause] This line constitutes the essence of the wisdom of the party and the people. It also constitutes the essence of the wisdom of the Party Central Committee. In the course of the formation and development of this line, in the course of deciding on a series of major matters, and in the course of bringing about a new situation in construction, reform, and opening to the outside world, Comrade Deng Xiaoping, applying the weapon of Marxist theory, the spirit of seeking truth from facts, and his rich experience, wisdom, and farsightedness, has made tremendous contributions. [prolonged applause]

The achievements over the past 9 years are the results of unity and hard work of the people of various nationalities of the whole country. Let me take this opportunity on behalf of the CPC to thank the people for their trust in and support of our party. All those who have personally experienced the tremendous changes over the past 9 years and made their own contributions, and all descendants of Emperors Yan and Huang are rightly justified to be proud of China's historical change. However, we have no reason to be complacent but must clearly realize that we still face many problems and difficulties, more than we have anticipated. We still have many faults in leading various areas of work. Many systems are still not perfect.

Management and supervision in various aspects still lag behind the developing situation. Impatience for success still exists in our economic work. The contradiction that the total social demand is still greater than the total supply has not yet been totally alleviated. There is still a market for the ideological trend of bourgeois liberalization. The minds of some comrades are still fettered by ossified ideas. In particular, bureaucracy and corruption still exist in varying degrees in many quarters. Both the comrades of the whole party and the masses are very resentful of this fact. We must pay attention to and strive to eliminate this situation so as to live up to the expectations of the people. We must also clearly realize that we still have a long way to go, and that our work must be more arduous. We wasted too much in the past. Our nation is still very backward. Currently, a new worldwide technological revolution is swiftly developing with tremendous force. Competition on the world market is more intense every day. The international political situation is ever changing. The challenge we face is both urgent and real. If we fail to realize this situation and do not double our efforts, our country and people will very probably become more backward; and we will not be able to occupy the position due us in the world.

History calls on both the present and next generation of Chinese, first of all, the Communists, to wake up, unite, and do our utmost to catch up. [applause]

The central task of this congress is accelerating and strengthening reform. Reform is the only way to revitalize China. It accords with the will of the people and the general trend of events and is hence irreversible. We must sum up experiences, uphold and develop the line since the 3d Plenary Session of the 11th CPC Central Committee, further promote China's economic construction and the basic policy of economic and political structural reform, and decide on the basic policy of strengthening party building amidst reform and opening up. Correctly fulfilling this task will forcefully promote unity of the whole party and the unity among the people of various nationalities and will also ensure our continued advance on the road of socialism with Chinese characteristics.

## 2. The Initial Stage of Socialism and the Party's Basic Line.[subhead]

Correctly understanding the historical stage in which China is today is of primary importance in building socialism with Chinese characteristics and is a primary basis for us in formulating and implementing a correct line and policy. Our party already has an unequivocal answer to this question. We are in the initial stage of socialism. This has two implications. First, the Chinese society will definitely be a socialist one. We can only uphold, but never deviate from socialism. Second, the Chinese socialist society is still in its initial stage. We must proceed from this fact and must not overstep this

stage. Under the specific historical conditions of contemporary China, to believe that the Chinese people cannot take the socialist road without going through the stage of fully developed capitalism is a mechanistic view on the question of the development of revolution and a primary source of right deviationist mistakes. On the other hand, to believe that it is possible to skip the initial stage of socialism in which the productive forces are to be highly developed is a utopian view on this question, which is a major cognitive root of leftist mistakes.

Our country used to be a large semicolonial, semifeudal country. In the more than 100 years since the middle of the last century, repeated trials of strength between various political forces, repeated failures of the democratic revolution of the old type, and the final victory of the new democratic revolution have proved that the capitalist road is a blind alley for China, and that the only way out is to take the socialist road under the leadership of the Communist Party, after the overthrow of the reactionary rule of imperialism, feudalism, and bureaucratic capitalism. However, it is precisely because our socialism has emerged from the womb of a semicolonial, semifeudal society, with the productive forces lagging far behind those of the developed capitalist countries, that China is destined to go through a very long initial stage to accomplish industrialization and the commercialization, socialism, and modernization of production, which many other countries have achieved under capitalist conditions.

After more than 3 decades of socialist development, what is our country's present situation? On the one hand, a socialist economic system based on public ownership of the means of production has been instituted, a socialist political system of people's democratic dictatorship has been established, and the guiding role of Marxism in the realm of ideology has been affirmed. The system of exploitation and the exploiting classes have been abolished, the country's economic strength has grown enormously, and educational, scientific, cultural undertakings have considerably expanded. On the other hand, the country has a huge population and a poor foundation to start with, and its per capita GNP still ranks among the lowest in the world. A prominent phenomenon is that 700 million of our 1 billion people are living in the countryside. Basically, we are still relying on hand-operated tools to produce food. A number of modern industries coexist with a large number of industries that are several decades or even 100 years behind the modern level. A number of economically developed areas coexist with vast underdeveloped and poor regions. In science and technology, while a small number of fields are at advanced world levels, the general state is characterized by low scientific and technological level, and illiteracy, and semi-illiteracy still describes one-fourth of our population.

The backward productive forces make it inevitable that the extent of our social production necessary to the development of socialist ownership is still very low.

Commodity economy and the domestic market are very undeveloped. Natural economy and seminatural economy account for a considerable proportion of the economy. The socialist economic system is still immature, imperfect. In the upper structure, a series of economic and cultural conditions necessary to the building of a highly advanced socialist democracy are very inadequate. Feudalist and capitalist decadent ideology and the force of habit of small producers are extensively influential in our society and frequently harass the ranks of our party cadres and state functionaries. This state of affairs shows that today we are far from surpassing the initial stage of socialism.

Building socialism in a big, backward Eastern country like China is a new task in the history of the development of Marxism. The situation we are facing is not what was envisioned by the founders of Marxism, that is, building socialism on the foundation of a highly developed capitalism. Nor is it entirely similar to those of other socialist countries. It will not do to mechanically copy what was in the books, nor will it do to copy mechanically from foreign countries. We must, proceeding from our country's actual conditions, find a way to build socialism with Chinese characteristics in the process of integrating fundamental principles of Marxism with China's reality. In this respect, our party has made fruitful explorations and has achieved major successes. The road it has traversed has many twists and turns, and this has cost us dearly.

Beginning in the late 1950's, because of the prevailing leftist thinking, we were too impatient for quick results and sought absolute perfection, believing that we could drastically expand the productive force by relying simply on our subjective will and on mass movements, and that the bigger the size and the higher the level of socialist ownership, the better. Also, for a long time, we relegated the task of expanding the productive forces to a position of secondary importance and continued to "take class struggle as the key link" after the socialist transformation was basically completed. Many things that fettered the growth of the productive forces and which were not inherently socialist or were applicable only under certain particular historical conditions were regarded as "socialist principles" to be adhered to. Conversely, many things which, under socialist conditions, were favorable to the growth of the productive forces and to the commercialization, socialization, and modernization of production were dubbed "capitalist restoration" to be opposed. As a consequence, a structure of ownership evolved in which undue emphasis was placed on a single form of ownership, and a rigid economic structure took shape, along with a corresponding political structure based on over-centralization of power. All this seriously hampered the development of the productive forces and of the socialist commodity economy. This state of affairs has taught us that soberly understanding our country's fundamental conditions and the historical stage of socialism our country finds itself in is an extremely important question.

Then, what historical stage is the initial stage of socialism in our country? It is not a historical stage through which all the countries that have entered the socialist period will have to go. It is a special stage through which our country has to go while building socialism in the situation characterized by backwardness and an undeveloped commodity economy. It will take at least 100 years from the 1950's in which the socialist transformation of the private ownership of the means of production was completed in the main to a period in which modernization is achieved in the main, and all these years will be the initial stage of socialism. This stage is different from both a transitional period in which the socialist economic base has yet to be built and a period in which modernization has been realized. In the present stage, the principal contradiction facing us is one between the people's increasing material and cultural needs and the backward social productive forces. Within certain limits, class struggle will continue to exist for a long time, but it is no longer the principal contradiction. To resolve the principal contradiction at the present stage, it is necessary to make vigorous efforts to develop the commodity economy; to raise labor productivity; to realize step by step the modernization of industry, agriculture, national defense, and science and technology; and to transform the portions of the relations of production and of the superstructure that are not suited to the development of the productive forces.

To sum up, the initial stage of socialism in our country is a period in which we will be gradually lifted out of poverty and backwardness; a period in which an agricultural country whose agricultural population constitutes the majority of its people mainly engaged in manual labor turns step by step into a modern industrial country whose nonagricultural population constitutes the majority of its people; a period in which the natural economy and the seminatural economy that constitutes a considerable proportion of the economy turn into a highly developed commodity economy; a period in which socialist economic, political, and cultural systems are instituted and developed through reform and exploration; and a period in which whole people work hard to achieve the greater revitalization of the Chinese nation [applause]

Proceeding from the reality in the initial stage of socialism, we set forth the following guidelines as China's long-term guide:

First, we must concentrate on modernization. The fundamental task of a socialist society is to expand the productive forces. During this initial stage, we must shake off poverty and backwardness, and it is therefore especially necessary for us to put the expansion of the productive forces at the center of all our work in order to achieve this. Helping to expand the productive forces should become the point of departure in our consideration of all problems, and the basic criterion for judging all our work should be whether or not it serves that end. We must always give full play to the spirit of plain living and hard struggle.

Second, we must persist in a comprehensive reform. Socialist society is a society that advances through reform. In the initial stage and at present in particular, reform is an urgent historic necessity, because the development of the productive forces has been seriously hampered by the rigid struggle that was built up over the years. Reform is self-perfection of socialist productive relations and superstructure. It is the motive force for promoting the work in all fields.

Third, we must adhere to the open policy. Economic relations between states today have become increasingly close, and no country can possibly advance behind closed doors. When a country has only a poor foundation on which to build socialism, it is especially necessary for it to develop economic and technological exchange and cooperation with other countries and to assimilate the achievements of civilization of the world over, so as to gradually close the gap between it and the developed countries. By closing the doors to other countries a country can only become more backward.

Fourth, we must vigorously develop a planned commodity economy with public ownership playing the dominant role. A fully developed commodity economy is an unavoidable state in the development of the economy and the indispensable, basic condition for the socialization and modernization of production. So far as ownership and distribution are concerned, absolute perfection and egalitarianism are not what is required in a socialist society. In the initial stage it is particularly important to develop diverse sectors of the economy, provided that public ownership remains dominant; to have diverse forms of distribution, provided that distribution according to work is the principal form; and, with the objective of common prosperity in mind, to encourage some people to become well-off first through honest work and lawful business operation.

Fifth, we must endeavor to build democracy on the basis of stability and unity. In a socialist society there should be a high degree of democracy, a comprehensive legal system and stable social environment. In the initial stage, as there are many factors contributing to instability, the maintenance of stability and unity is of special importance. We must correctly handle the contradictions among the people; the people's democratic dictatorship should not be weakened. Because feudal autocratic influence is still strong, it is particularly urgent to build socialist democracy, but in view of the restrictions imposed by historical and social conditions, that can only be done step by step and in an orderly way.

Six, under the guidance of Marxism we must endeavor to build spiritual civilization. We must, based on the resolution of the 6th Plenary Session of the 12th CPC Central Committee concerning the building of spiritual civilization and in line with the demand for cultivating ideals, ethical sense, general knowledge, and discipline, endeavor to raise the ideological and ethical standards of the whole nation, as well as its cultural and scientific

levels. Our modernization drive and reform and open policy, while giving a strong impetus to the building of socialist spiritual civilization, have set stricter demands on it. We should try to foster public opinion, value concepts, cultural conditions, and social environment, that are helpful to modernization, reform, and opening up. We should also try to overcome the narrow mentality and conservative habits of the small-producers, resist decadent feudal and capitalist ideas, and arouse the immense enthusiasm and creativity of the Chinese people of all nationalities as they dedicate themselves to the cause of modernization.

Comrades, during the initial stage of socialism our party's fundamental line for building socialism with Chinese characteristics is leading and rallying the people of all nationalities throughout the country to concentrate on economic development, uphold the four cardinal principles, persist in reforms and opening to the outside world, and adhere to the principle of self-reliance and hard work in order to build China into a strong, democratic, civilized, and modern socialist country. [applause]

Upholding the four cardinal principles—the socialist road, the people's democratic dictatorship, leadership by the party, and Marxist-Leninist-Mao Zedong Thought—is the foundation on which our country was founded. Upholding the general principle of reform and opening to the outside world constitutes a new development of the party's line since the 3d Plenary Session of the 11th CPC Central Committee, which has added new substance to the four cardinal principles. Upholding the two fundamental points—the four cardinal principles and reform and opening to the outside world—cannot be separated from each other because they rely on and support each other and because they are necessary for building socialism with Chinese characteristics. We must not treat the four cardinal principles with a rigid point of view. If we do, we will doubt, or even negate, the general principle of reform and opening to the outside world. Nor should we treat reform and opening to the outside world with the liberalization point of view. If we do, we will deviate from the socialist path. During the initial stage of socialism the trend toward bourgeois liberalization which negates the socialist system and encourages the capitalist system will remain for a long time to come as long as we have not freed our country from an underdeveloped state. With a rigid mentality, we cannot, in implementing reform and opening to the outside world, clearly demonstrate the superiority of the socialist system and enhance attractiveness of socialism. In other words, we will ideologically help promote the growth and spread of bourgeois liberalization. Efforts to eliminate the interference and influence of these two erroneous trends of thought—rigid mentality and bourgeois liberalization—will have to continue throughout the entire initial stage of socialism. Because of the deep-rooted "left" habits and because the resistance against reforms and opening to the outside world comes mainly from these habits, overcoming rigid mentality, generally

speaking, remains our principal task for a long time to come. In short, upholding the two fundamental points while focusing on economic development is our major experience and the principal part of the basic line for the initial stage of socialism in our contemporary era. [applause]

### 3. On Economic Development [subhead]

During the initial stage of socialism a historical problem that needs solution in the course of developing social productive forces is the realization of industrialization and the commercialization, socialization, and modernization of production. In developing the economy of our country, we are required to carry out the two important tasks of advancing our industrialization and of catching up with the world's new technological revolution. To accomplish these tasks, we must make sustained efforts step by step and in a planned way. China's strategic plans for economic development since the 3d Plenary Session of the 11th CPC Central Committee can be generally summarized as follows: First, our gross national product has doubled that in 1980, and the task of solving the problem of food and clothing for the people has been basically accomplished; second, we plan to double our current gross national product by the end of this century and enable our people to enjoy a relatively comfortable standard of living; and third, we plan raise our per-capita gross national product to equal that of reasonably developed countries by the middle of the next century, to further raise the living standard of the people to a relatively prosperous level, and to basically accomplish modernization by then; then, we shall continue to advance on this basis. Our most important job now is to successfully accomplish the second step. If we realize the task for the second step, we can add new, tremendous achievement to China's modernization. Social economic efficiency, labor productivity, and product quality will be enhanced simultaneously. The gross national product and the output major industrial and agricultural products will increase by a big margin. Our per-capita gross national product will certainly rise to a new level in the world. The major sectors of our industry will basically approach the level of economically developed countries at the end of the 1970's and the beginning of the 1980's.

The technical level of agricultural and other production departments will also rise considerably. Junior middle school education will be popularized in urban areas and in most rural areas, and senior middle school education, or vocational and technical education of equivalent level, will be basically popularized in big cities. The people will be able to enjoy a relatively comfortable standard of living. In our country, which has a large population and is still backward, it is a glorious and yet arduous task to enable the people to enjoy ample food and clothing and to live a happy, secure life. We are blessed with many favorable conditions for accomplishing the task for the second step, but there are also many difficulties and contradictions. The focal point of these contradictions is the problem of economic efficiency.

Only by raising economic efficiency with firm determination and striving for improvement year after year can we gradually solve the contradictions characterized by a large population in our country, unbalanced natural resources, and a serious lack of funds, and ensure a fairly high growth rate for our national economy. Therefore, we must firmly implement the strategic principles of paying attention to efficiency, quality, coordinated development, and steady growth. Basically, these strategic principles demand that we strive to raise the quality of products, manufacture readily marketable products, cut down material as well as labor consumption, bring about rational distribution of production factors, and raise the utilization rate of funds and resources. In short, we must gradually move from extensive to intensive management. To achieve this goal, we must make special efforts to successfully accomplish the following three major tasks.

1. We should give top priority to scientific, technical, and educational development, so that our economic construction will be based on scientific and technological progress and greater work efficiency.

Today, science and technology, and modern management are factors playing a decisive role in improving economic efficiency, and they will also serve as important pillars supporting China's new economic growth. We must soberly realize that we will have no future if our technology and management remain backward and that we have to expend enormous resources in our economic development. Without scientific and technological development and scientific management, we cannot possibly produce adequate food and other agricultural crops on our limited arable land, and our people will not be able to remain adequately clothed and fed as they are now when the population keeps rising, much less can we become comparatively well off or achieve an even higher living standard. If we fail to change the current situation marked by outmoded designs, old equipment, crude technology, and lax management, development in the industrial and other sectors can hardly be sustained. Inferior commodities which consume great quantities of resources and which are produced at high cost not only are a waste of resources, but are also unable to solve China's social and economic problems, or compete on the international market. Under the new situation with the world's new technical revolution rapidly developing, if we fail to seize the opportunity to catch up, we will not be able to narrow the economic and technical gap between us and developed countries. All this shows that scientific and technological progress and better management will play a decisive role in China's modernization drive, and that they have an important bearing on the nation's progress and rejuvenation.

To accelerate scientific and technical development, we should integrate theories with practice, be practical, and have clear targets of development. The main task of scientific and technological development is to invigorate the national economy. Special efforts must thus be

exerted to modernize the technology and equipment of our large industrial enterprises. The technology of the main departments in such major industrial sectors as heavy industry, energy, raw and semifinished materials, communications, telecommunications, and machinery manufacturing must be upgraded. We must actively promote the types of scientific and technological achievements that can be commonly applied so as to speed up technical transformation of our enterprises.

We should continue to implement the plan which emphasizes rural economic development. At the same time, competent personnel must be organized to seize every opportunity to carry out high-level technical research—especially research and development of microelectronics, information, bioengineering, and new material technologies. We must continue to strengthen basic research. It is imperative to speed up reform in order to establish a system under which science and technology are closely integrated with the economy, strengthen the motive force of and the pressure on enterprises—especially the large mainstay enterprises—to apply the fruits of science and technology, promote the development of a technological market and commercialization of technological achievements, and shorten the time for the application of scientific research in production and construction. We must continue to take active steps to import advanced foreign technologies and closely integrate them with scientific and technical research at home. We must earnestly intensify the assimilation of imported technology and bring forth new ideas. It is proposed that the State Council draw up a program for medium-range and long-range scientific and technological development, and we should rationally organize the nation's scientific and technical personnel throughout the country to work together and carry it out as quickly as possible.

Fundamentally speaking, scientific and technological development, economic rejuvenation, and social progress as a whole depend on efficient organization of workers and the training of large numbers of proficient personnel. A project of vital and lasting importance is founded on education, we must consider educational development as a prominent, strategic project, and speed up the development of intellectual resources. To promote educational development, the state will increase the educational budgets each year. At the same time, it will continue to encourage all social sectors to promote education with their financial resources.

It is necessary to uphold the principle of education serving the purpose of socialist modernization, to reform the educational structure according to our actual needs, to raise the quality of education, and to overcome the tendencies of education being divorced from reality and going only after that proportion of students entering schools of a higher grade. Efforts must be made to further create a social environment of respecting talented people and knowledge and to continuously

improve the working and living conditions for intellectuals. It is necessary to strive to make the best use of talented people and to make it possible for such people to bring their talent into full play. It is essential to give full play to the enthusiasm and creativity of large numbers of workers, peasants, and intellectuals. Encouragement should be given to all those who have made achievements in the modernization drive. Tremendous efforts should be made to speed up the vocational and on-the-job education of workers in order to build a massive army of highly disciplined workers with quality. While giving full play to the role of our own scientists and technicians, vigorous efforts should be made to conduct international exchange of talented people.

2. We should maintain a rough balance between the society's total demand and total supply and rationally readjust or reform the industrial structure. To steadily develop the national economy on the basis of improved education, efforts must be made to maintain a rough balance between the society's total demand and total supply. The key to achieving this purpose lies in rationally determining the scale of the society's investment in fixed assets so that it will correspond with our national strength. The growth rates of production and consumption should be appropriately determined so that they will correspond with the development of production. Conscientious efforts should be made to improve the overall balance of the national economy in order to strike a balance in finance, credit, foreign exchange, and materials and a basic balance among them.

Resolute measures must be taken to further control the tendency that prices have risen too fast since the beginning of this year. In all practical work, we should judge the hour and size up the situation and in a timely and conscientious way solve the problem of imbalance in economic life. Small-scale readjustments should be made regularly in order to avoid large-scale readjustments that have to be made because of some serious disproportion.

The overall balance of the economy is closely related to the economic structure. Overall balance should be achieved on the basis of a rational economic structure. Only thus will it be possible to achieve good macroeconomic results. This problem will increasingly stand out as time passes. This is because, first, while striving to achieve a relatively comfortable standard of living, the pace of the agricultural population changing to a non-agricultural one will be accelerated, the demand for the development of basic industries and basic luxury goods will become increasingly pressing, people's needs for higher-grade products will increase, and there will be a marked increase in their selectivity. All these have set many new requirements for the reform of the industrial structure. Second, it is because of the development of the new technological revolution in the world and the favorable influence of the industrial structure.

The initial increase in commodity demand in China also requires us to readjust and transform the industrial structure accordingly. Therefore, whether we can gradually rationalize the industrial structure will, to a large

extent, dictate our future economic growth and efficiency. China has a vast domestic market and great potential for developing the traditional industry. The gradual expansion of opening to the outside world has especially provided broad opportunities for us to absorb advanced technology from abroad. It is necessary to effectively combine these two favorable factors by focusing our attention on using advanced technology to transform and develop China's traditional industry while exploring possibilities for developing new industries using high technology, so as to spur the development of the national economy as a whole.

With this in mind, the basic direction in readjusting and transforming the industrial structure for a long time to come is: to persistently place agriculture in a strategic position in developing the rural economy in all fields, attach great importance to basic industries and infrastructure while vigorously developing the consumer goods industry, and accelerate the development of the energy industry with electric power as the focus, of the raw and semifinished materials industry focusing on steel, nonferrous metals, and chemical industrial raw materials, and of the transport and communications industry with a comprehensive transportation system and information system as the pillars. In striving to revitalize the economy, it is necessary to promote the electrical, mechanical, and electronic engineering industries to provide more and more advanced technical equipment for the modernization drive, to vigorously promote the building industry through speedily commercializing housing construction so that it can gradually become a pillar of support for the national economy, to intensify the development of the tertiary industry, and to endeavor to achieve a balanced growth of the first, second, and tertiary industries. In order to build up stamina for developing our economy, it is necessary to intensify the construction of basic industries and infrastructure, which must be coordinated with the construction in other fields.

In mapping out regional industrial development plans, we must pay full attention to the role of the economically developed regions on the eastern coast as well as gradually accelerate the development of the central and western regions so that they all can bring into play their advantages in setting up a rational regional division of labor and economic structure through mutual development and equal exchange. We must give the necessary assistance to areas inhabited by minority nationalities and to impoverished areas, increasing their vitality for development and promoting their economic prosperity.

In order to rationalize industrial structure and organizational structure of enterprises and make the best use of our resources, we must not only bring into play the role of marketing and free competition but also rely on a correct state policy regarding industry and organizational structure of enterprises, applying such economic levers as pricing, financing, taxation, and loans to interfere in and readjust economic activities so that reform

can facilitate healthy economic growth which can in turn provide a better economic environment for reform. In this way, we can combine development with reform, planning with marketing, and macro-control with microflexibility, and find a new way for our planning work.

Here I think it is particularly necessary to discuss the agricultural problem, which is of vital importance to the overall situation of construction and reform. The steady growth of agriculture and improvement in the rural production structure are the foundation for sustained and steady growth of the entire national economy. The conditions of China's agricultural production are still relatively backward and agricultural development is still rather unsteady. This makes accelerating agricultural construction more urgent and important. We must attach great importance to grain production and strive to increase grain output by a relatively big margin in the coming decade or so. This is one of the basic requirements in order to achieve our strategic goals by the end of the century.

We must continue to rationally readjust the economic distribution in cities and rural areas and the production structure in the countryside, actively develop diversified undertakings and rural enterprises, and combine these efforts with supporting and increasing grain production in a better way, in order to ensure all-round development of the rural economy and continued increases in peasant incomes. We must consolidate and improve all forms of family-based output-related contracted responsibility, actively encourage diversification, and develop a socialized service network. In areas where conditions permit, we should encourage and promote all forms of cooperation and integration on the basis of voluntary participation and mutual benefit in order to gradually bring about a rational scale of management.

It is necessary to pay attention to measures to support reforms in urban and rural areas, properly solve the contradictions between urban and rural areas, and consolidate the worker-peasant alliance. In the course of intensifying rural reforms, both the state, collective, and individual peasants should increase agricultural input. We should invest more local financial resources in agriculture in order to strengthen farmland capital construction and irrigation projects, prevent floods and drought, and improve fundamental conditions in agriculture. Active efforts should be made to improve land management and do our best to put an end to the situation in which the area of arable land is being greatly reduced. Vigorous efforts should be made to increase the production and supply of such agricultural goods as chemical fertilizer, plastic sheeting, farm chemicals, diesel oil and farm machinery and to increase material support for agriculture. It is necessary to strengthen basic research in agricultural science and technology, actively utilize results of scientific and technology research, and develop and popularize fine seed varieties.

While developing agricultural production, we must correctly guide and readjust the people's consumption pattern, the food consumption pattern in particular, so that they will be suited to the characteristics of China's agricultural resources and level of development. All in all, China's countryside is still in the developing stage, and it has great potential because much of its resources have yet to rationally utilized. There are very broad aspects for agriculture, forestry, animal husbandry, fishery and rural enterprises.

3. We must further expand the scope and range of opening to the outside world and continue expanding economic and technological exchange and cooperation with foreign countries.

The world today is an open one, and we have scored great success in pursuing the fundamental state policy of opening to the outside world. In the future we should enter the world economic arena more boldly and decide on correct strategies for export and import and for the use of foreign funds so as to further expand trade and economic and technological cooperation with other countries, both developed and developing, and create more favorable conditions for accelerating our scientific and technological progress and improving our economic results.

The degree and scope of China's opening to the outside world depends to a large extent on our ability to earn foreign exchange through export. It also has an impact on the scale and progress of domestic economic construction.

China must make vigorous efforts to develop export-oriented industries and products that are competitive and can bring quick and high economic returns and work hard to improve the quality of export commodities, rationalize their mix and open up new markets in different parts of the world with a view to achieving relatively rapid and sustained growth in export trade. China should do more to expand tourism, to increase exports of labor services and technology, and to increase the amount of foreign exchange earned from sources other than trade. Priority should be given to the import of advanced technology and key equipment. We should redouble our efforts to raise the quality and performance of the key equipment and other products that we make ourselves in order to be able to produce whatever we can domestically. Active efforts should be made to expand the production of import substitutes and adopt necessary policies or measures to accelerate the work of increasing the proportion of goods that are produced at home.

To expand foreign trade, it is necessary to firmly and gradually reform the structure of foreign trade in a way that will give foreign trade enterprises full authority over management and full responsibility for profits and losses in order to ensure better coordination between industry

and foreign trade and eventually lead to a system whereby foreign trade corporations can act as agents for other enterprises in the export of commodities.

In using foreign capital, we should take into consideration our ability to make payments and the question of how to coordinate the use of foreign capital with that of domestic funds and material resources, and keep foreign capital within a proper scale and reasonable structure. We should strive to obtain better comprehensive economic results from using foreign funds. We should further perfect legislation governing business dealings with foreign firms, implement preferential policies, and improve the investment environment, so that foreign entrepreneurs will be able to operate enterprises in China according to international practice. This will also attract more investment from abroad. It is imperative to consolidate and develop the special economic zones, as well as open cities and economic development zones along the coast, which have begun to take shape, and adopt similar ways to gradually promote the development of an open structure.

Keeping in mind the overall interest of the national economy, we should formulate correct plans for the development and construction of these special economic zones, as well as open cities and regions, laying stress on developing export-oriented economy and promoting lateral economic ties with other parts of China in order to fully develop their role as windows through which China opens to the outside world.

Comrades, it is particularly noteworthy here that population control, environmental protection, and ecological balance are important questions that concern the overall interests of economic and social development. China has made remarkable achievements in population control. The large numbers of family planning workers have made significant contributions in this regard. At present we should realize that China has a huge population, and is entering a peak period in child-bearing. The efforts in family planning should never be relaxed, for otherwise the realization of our established goal of struggle is bound to be affected. We should stress the importance of eugenics and good upbringing in order to improve the quality of the population. Meanwhile, we should also be aware of the trend of rapid aging of the population and promptly and accordingly adopt correct policies.

While carrying out economic construction, we should vigorously protect and make reasonable use of all kinds of natural resources, take comprehensive measures to control environmental pollution, make greater efforts to protect the ecological environment, and combine economic, social and environmental factors to yield satisfactory results.

Defense modernization is an important component part of the socialist modernization drive. In recent years, the PLA and workers of the national defense science, technology and industry departments have kept in mind the

overall interest of state construction projects and supported and participated in economic construction. Meanwhile, encouraging achievements have been made in promoting defense modernization. It is necessary to strengthen education in national defense, and heighten the sense of national defense among the people. In future, having promoted the economy, we should further develop national defense technology, upgrade army units' armament, and further modernize national defense with Chinese characteristics.

Basically speaking, the realization of the economic development strategy is dependent on our efforts to deepen reform of the economic system. In addition, the plans for making reform and their implementation should serve economic development. In this way, reform and construction will proceed hand in hand and promote each other's development, thereby facilitating the development of a sound socialist commodity economy in China.

#### 4. On Restructuring the Economy [subhead]

China has scored important achievements in reform of the economic system and provided socialism with new vigor. In order to accelerate and deepen reform, we should acquire a deeper and more scientific understanding of the nature of reform of the economic system in China. The reform that we have conducted—such as developing different systems of ownership while giving prominence to the public system of ownership, even allowing the existence and development of private-run economy—are all determined by the actual condition of the productive forces in the primary stage of socialism. Only in this way can we develop the productive forces. Measures taken in the course of reform, such as developing the production means market, the money market, the technical market, and the labor service market and issuing bonds and stocks, are inevitable results of mass socialized production and the development of commodity economy. They are not unique to capitalism. Socialism can and should utilize them for its own benefit and, in practice, restrict their negative effect. There were many past practices, such as issuing too many mandatory targets directly to enterprises, implementing the system of unified purchases and sales, and supply distribution. Some of these measures were taken in the early years of the PRC under certain domestic and international conditions in order to speed up the process of laying down the industrial groundwork, and some were carried over from the years of revolutionary war. They are not hard and fast requirements of the socialist system. Now that great changes have taken place, without reform, they will become obstacles to the development of the productive forces. In a word, all reforms that have been undertaken are favorable to the development of socialist economy. Comrades throughout the party should better understand this point, acquire unity in their thoughts, and push ahead with reform more resolutely.

The "Decision of the Central Committee of the Communist Party of China on Reform of the Economic Structure" adopted at the 3d Plenary Session of the 12th CPC National Congress specifically points out: The socialist economy is a planned commodity economy based on public ownership. This is our party's scientific generalization of a socialist economy and a major development of Marxism. It constitutes the fundamental theoretical foundation for the reform of China's economic structure.

The socialist planned commodity economy should be a system that inherently integrates planning with the market. It is necessary to clarify the following basic ideas in this regard:

1. The essential difference between socialist and capitalist commodity economies lies in the form of ownership on which they are based. The socialist commodity economy based on public ownership makes it possible for the whole society to consciously maintain a balanced growth of the national economy. Our task is to effectively use the two different forms and measures of regulation, and planning and marketing, so as to translate the possibilities into reality. Development of the socialist commodity economy cannot be accomplished without the growth and perfection of the market. Using the regulatory functions of the market is completely different from practicing capitalism.

2. Planning should be done according to the principle of commodity exchange and the law of value. Direct management which relies mainly on mandatory planning is unable to suit the needs of the development of a socialist commodity economy. Regulation through planning should not be equated with mandatory plans. It is necessary to gradually reduce the scope of mandatory plans by a variety of methods, including the signing of sales contracts between the state and the enterprises and between the enterprises themselves according to the principle of exchange of equal value. State management of the economy should gradually move toward a phase of mainly indirect management.

3. The functions of both planning and the market should be performed in the whole society. Under the new economic mechanism, the general pattern of economic operation should be one in which the state regulates the market and the market guides enterprises. The state mainly uses economic and legal means to regulate market supply and demand and to create suitable economic and social environments so as to guide the enterprises to correctly make managerial decisions. Accomplishing this goal will be a gradual process. We must work hard to create the necessary conditions.

The current task of deepening reform consists mainly of restructuring, in several stages, planning, investment, materials and equipment supply, finance, banking, and foreign trade, with the focus on changing the mechanism of enterprise management, in order to gradually establish a basic framework for the planned commodity economy.

First, we must invigorate enterprises owned by the whole people by separating ownership from managerial authority. Enterprises owned by the whole people cannot possibly be managed by the people together. In general, it is not appropriate for the state to manage them directly, either. To forcibly do so can only stifle the vitality and vigor of the enterprises. Separating ownership from managerial authority, actually handing over the managerial authority to the enterprises, bringing into balance the relations among enterprise owners, managers, and producers, and truly protecting the legitimate rights of the enterprises in order to enable them to operate independently and to assume sole responsibility for profits and losses are the inherent requirements for establishing the structure of a planned commodity economy. This will by no means change the nature of ownership of the enterprises. Instead, it can only further invigorate the enterprises and fully bring into play the superiority of enterprises owned by the whole people.

The specific details for separating ownership and management rights may vary depending on the nature of management, the size of the enterprises, and technological features. It does not matter what type of management responsibility system is being implemented, the relationship of rights and responsibilities between the state and enterprises and between the owner and manager of an enterprise must be determined by contracts. The main point is to choose qualified managers by means of competition and to regard the results of management, including the appreciation of assets, as an important basis for evaluating the managers, thereby enabling a large number of shrewd and boldly enterprising entrepreneurs to come to the fore in the storm of market competition. All enterprises must implement the plant director responsibility system, improve the various economic responsibility systems within the enterprises, strengthen labor discipline, and carry out strict scientific management. All enterprises must pay attention to arousing the enthusiasm and creativity of staff members and workers and integrating the manager's management authority with the master status of staff members and workers so as to establish a relationship whereby the manager and producers depend on and closely cooperate with each other. The various types of contract and rent management responsibility systems currently being implemented are an outstanding way to separate ownership rights from management rights. They must be continuously improved in practice so that they gradually become regularized. The share capital system emerging in the course of reform with the participation of the state, departments, regions, enterprises, and individuals is a socialist form of organizing enterprise assets and may be continued. The ownership rights of some small public-owned enterprises may be transferred or rented to the collectives or individuals.

Second, we must promote the further development of lateral economic cooperation. Lateral economic cooperation is an inevitable trend in developing social production and the socialist commodity economy. The development of lateral economic cooperation and rise of

enterprise groups and associations in recent years have demonstrated their vitality. We must make the best use of the situation and continue to popularize them in the nationwide reform. Cooperation between enterprises is a basis form of lateral economic cooperation. We must resolutely discard the concept of a self-contained natural economy; change the backward situation in which enterprises, large and small, meet all their own needs; and promote the proper reorganization of personnel, capital, technology, resources, and other key production factors by means of joint investments, mutual assistance, and other methods. We must actively develop enterprise groups and associations with large and medium-size enterprises as the backbone force and stress the production of quality and name-brand commodities. We must develop cooperation between scientific research and production in order to meet the requirements of the specialized division of labor and work experience. The enterprises must be given decisionmaking power. We must uphold the principle of bringing the strong points into full play while trying to avoid shortcomings. We must prevent the formation of various types of companies of an administrative nature through administrative means.

In developing lateral economic cooperation, it is necessary to bring the role of cities into full play and build large and medium-sized cities into multifunction modern economic centers. The cities must streamline their organization, separate enterprises from government control, open wide their gates, and be open to all other sectors. The cities not only must serve themselves but also serve the surrounding countryside and the entire economic zone with which they have contact.

Third, we should speed up the establishment of a socialist market system which not only includes the commodity market of consumer goods and means of production, but also the market of capital, labor service, technology, information, real estate, and other important elements of production. A market with few commodities cannot properly act as a good market mechanism. A socialist market system must also be competitive and open. A monopolized or enclosed market cannot possibly enhance the efficiency of commodity production, and an enclosed market will be unfavorable for the rational division of domestic labor and international trade. A socialist market system must actively and steadily promote price reform and rationalize commodity prices and the prices of all types of major production elements. We should gradually set up a system under which the prices of certain major commodities and labor services are controlled by the state and the prices of other mass produced commodities and labor services are regulated by the market. Price reform must be coordinated with the readjustment of (?procurement) policies so as to make sure that the people's living standard will gradually be improved during the development of production and not lowered in the course of reform. We should also actively encourage the establishment of new commodity circulation organizations, foreign trade organizations,

banking organizations, and network providing technical services and information—organizations which make their own own decisions and which are responsible for their own profits or losses—so as to bring about a thriving market. To ensure normal market order, we should also improve business administration and price control, and strictly enforce regulations for market control.

4. A macroeconomic regulatory system with the stress on indirect management should be initially instituted. Macroeconomic regulation goes hand in hand with the vitality of enterprises and the invigoration of the market, and each of them is indispensable. Without macroeconomic regulation, the market and enterprises would be thrown into confusion. However, if the past method of direct management were adopted and materials for production were allocated and distributed, enterprises would have no decisionmaking power. It would then be difficult to create a market, and the system of planned commodity economy could not be instituted and developed. It is therefore necessary to speed up the reform of macroeconomic management by proceeding from doing things conducive to maintaining a basic balance between society's total supply and total demand and promoting scientific and technological progress and the improvement of the industrial structure.

The stress of planning management should be put on making industrial policy, and the implementation of industrial policy should be promoted by comprehensively using economic levers. It is necessary to deepen the reform of the financial structure and to strengthen the position and role of banks in the macroeconomic regulatory system. Credit and the issue of currency should be appropriately controlled according to the law of rational circulation. With the central bank as the leader and state banks as the mainstay, a number of financial institutions should be developed. Various methods and means of management should be used to collect and circulate necessary funds in order to promote coordinated economic growth and readjustment of the economic structure. The financial and taxation systems should be reformed, and competition should be promoted by keeping taxation fair and reasonable. In accordance with industrial policy, reasonable tax categories should be introduced, and tax rates should be determined. While it should be rationally determined which taxes should be collected by the central government and which by local governments, the former and the latter should collect these taxes separately. It is necessary to properly handle the relationship between the economic interests of the central government, local governments, state enterprises, and individuals. Within a given period, the state should continue to keep necessary and direct control over a very small number of key construction projects, special enterprises, and important commodities currently in short supply. However, full consideration should be given to the interests of various quarters, and the methods of control should be improved.

Vigorous efforts should be made to establish a complete system of economic laws and to strengthen the judicial system. Necessary supervision should be exercised over enterprises, the market, and the various economic departments, and financial discipline should be strengthened in order to protect the legitimate interests of consumers and producers and those of the state as a whole.

5. Under the premise that public ownership is the mainstay, we should continue to develop a multiple ownership economy. The ownership structure in the initial stage of socialism should have public ownership as the mainstay. At present, it is not the case that other economic components outside the system of whole-people ownership have developed too much, in fact they have not developed enough. We should continue to encourage the development of cooperative, individual, and private ownership economy in the urban and rural areas. There is also a variety of forms of state-owned economy itself. Apart from ownership by the whole people and by the collective, we should also develop state-owned enterprises that are jointly established by the whole-people and collective ownership systems, together with public ownership enterprises in which localities, departments, and enterprises invest in each other. We should allow different proportions of different ownership systems in different economic fields and regions.

Private ownership economy, is a an economic form in which the relations of hired labor exist, but under socialist conditions it is bound to be linked to and greatly influenced by the public-ownership economy, which is predominant. Practice has proved that a certain degree of development of private ownership economy is beneficial for promoting production, enlivening the markets, and expanding employment, and in better meeting the daily life requirements and needs of the people in many respects. It is a necessary and useful supplement of the public ownership economy, and we must draw up as soon as possible policies and laws for private ownership economy to protect the legitimate interests of its operators and strengthen supervision and management over them.

Sino-foreign joint ventures, cooperative management enterprises, and wholly-owned or invested foreign enterprises are also a necessary and useful supplement of China's socialist economy, and we must properly protect the legitimate interests of foreign investors and further improve the investment climate.

6. Practice a variety of distribution forms, with distribution according to work as the mainstay, together with a correct distribution policy. There cannot be solely a single distribution method in the initial stage of socialism. We must persist in the following principle: Take distribution according to work as the mainstay and supplement it with other distribution methods. Apart from distribution according to work—the main

method—and individual labor, enterprises can issue bonds and invest capital, in which case profits that depend on bonds will appear. With the emergence of a shareowning economy, dividends will also appear, and the income of enterprise operators will include some risk compensation; and the hiring of some laborers in privately owned enterprises will bring to the enterprise owners some income not derived from labor. So long as income of these kinds is legal, we should allow it.

Our distribution policy must help enterprises and individual urban laborers that are skilled in management to get rich ahead of others, and open up rational income differentials. We must also guard against big gaps between rich and poor and adhere to the orientation of prosperity for all. The policy must embody social fairness under the premise of promoting improvement in economic returns. We must take effective measures to regulate excessively high individual incomes. We must take strict legal sanctions against vast profits made by illegal means.

At present the main trend in distribution is, as before, eating out of the big pot, practicing egalitarianism, and competing with each other. We must continue to overcome these things in ideology and in actual work. Where the conditions are right, we should, under the premise of exercising strict quality and norm control, actively promote the piecework wage system and the quota wage system.

The growth of consumption consistently exceeding the growth of production is another problem very prone to appear in the early stages of reform. This affects economic stability, weakens the staying power for economic development, causes serious difficulties for reforms, and ultimately leads to a decline in people's real living standards. The experiences of many developing countries show that excessive growth of consumption can cause loss of vitality in the entire national economy. We must adhere for a long time to the principle of arduous struggle and building the country with diligence and thrift, and resolutely control the growth of consumption. We must ensure that the growth rate of social consumption funds does not exceed the growth of disposable national income, and that the average wage increases do not exceed the growth of labor productivity. Through deepening the reforms, we must ensure that the enterprises have an optimum mechanism, and at the same time set up a series of effective macroeconomic regulatory systems and methods.

In the final analysis, every measure in deepening the reforms must benefit the improvement of social economic returns. At present, an outstanding problem affecting the improvement of economic returns is that many enterprises are producing poor-quality products. We must realize that a country's product quality reflects

in one aspect the quality of the whole nation. All departments and enterprises and the whole of society must strive to continually improve China's product quality.

The tasks of economic structural reform are very arduous. We must overcome and correct various problems in the production relations that hamper the development of the productive forces, and we must also cultivate and establish the new organizations, systems, and standards necessary for developing the productive forces. At present we are in the period when new systems are replacing the old. It is hard to completely avoid the various contradictions and problems that have appeared in economic life. The deepening of reform will bring about a still more profound readjustment in the relations between the interests of different sectors of society, and it is not possible that there should be no obstacles. We are carrying out reforms at a time when the economic environment is not yet relaxed. This increases the difficulties for the reforms. It is also hard to avoid making mistakes in work, since we lack sufficient experience. The quality of the cadre force and the mental concepts of the people do not completely suit the demands of developing socialist commodity economy. It appears now that the time needed to establish a new system may be a bit longer than originally estimated.

We must on the one hand further emancipate our minds and summon up still greater resolve to speed up the pace of reform. On the other, we must fully understand how arduous and complex reform is. In accordance with the objective demands of economic development and the goals of structural reform, we should promote the overall reform effort in a coordinated and phased way, to ensure that we will continually make substantive progress in reform.

##### 5. On Political Structure Reform [subhead]

The conducting and deepening of economic structural reform has raised ever greater demands on political structural reform. The process of developing socialist commodity economy should be a process of building socialist democratic politics. Without conducting political structural reform, it is impossible for economic structural reform to achieve final victory. The CPC Central Committee holds that it is high time to put political structural reform on the agenda for the whole party. The speech delivered by Comrade Deng Xiaoping on behalf of the CPC Central Committee on reform of the leadership system of the party and state is a guidance document for political structural reform. The goal of political and economic structural reform is to better develop social productive forces under the leadership of the party and under the socialist system and to give full play to the advantages of socialism. In other words, ultimately, we will catch up with developed capitalist countries economically, create a democracy that is of a higher degree and more practical than that in these

countries politically, and train greater numbers of more talented people than in these countries. We must use these demands to judge the merits of the reform.

Ours is a socialist country under the people's democratic dictatorship and our fundamental political system is good. However, there are some major defects in the system of leadership, in the organizational structure, and style of work. The main expressions of these defects are over-concentration of power, serious bureaucratism, and feudal influences that are far from eliminated.

To conduct political structural reform, we must promote what is beneficial and eliminate what is harmful, and build socialist democratic politics with Chinese characteristics. The long-term objective of the reform is to build a socialist political system with a high degree of democracy and a complete set of laws, a system that is effective and full of vitality. And this can only be achieved with our protracted efforts.

Building socialist democratic politics, just like developing socialist commodity economy, is a process of gradual accumulation. Our modernization drive faces complicated social contradictions. We need a stable social and political environment. It is absolutely impermissible to undermine state laws and the mass democracy of social stability. The system of the people's congresses, the system of multiparty cooperation and political consultation under the leadership of the Communist Party, and the practice that decisions once made in accordance with the principle of democratic centralism will be implemented promptly are the characteristics and advantages of our system. We will never abandon these characteristics and advantages. China will never indiscriminately copy the Western system of separation of the three powers and the system of different parties ruling the country in turn.

In conducting the current political reform, in the near future we must properly handle the relationship between democracy and stability, and the relationship between democracy and efficiency. We must work hard to overcome bureaucratism and feudal influence so as to promote economic structural reform and the policy of opening up both internally and externally. The immediate objective of the reform is to build a leadership system that can help raise the efficiency, increase the vitality, and stimulate the initiative of all sectors of society. All reform measures must closely focus on this objective and we must start with solving the following problems:

1. We must separate the functions of the party from those of the government. The CPC is the leading core of China's socialist cause. Under the new situation, only by improving the leadership system, forms, and style of the party, is it possible to strengthen the party's leadership role. In the last few years, the party has worked hard to improve its leadership and has achieved some progress. However, a long-standing problem has not yet been completely solved, namely, the lack of separation

between the functions of the party and those of the government and the substitution of the party for the government. Until this problem is solved, party leadership cannot be really strengthened and other reform measures cannot be smoothly carried out. Therefore, the key to political structural reform lies in the separation of party and government.

The separation of the party and government means the separation of their functions. The party has led people in formulating the Constitution and laws, so the party must carry out its activities within the limit of the Constitution and laws. The party has led people in building state organs, mass organizations, and various economic and cultural organizations, so the party must ensure that these organs fully perform their functions and must give full respect to mass organizations, but must not monopolize the work of mass organizations, enterprises, and institutions. The party's leadership means political leadership, namely, exercising leadership over political principles, political orientation, and important policy decisions or recommending cadres for key posts in state organs.

The main form of the party's political leadership over state affairs is that the party's propositions become the state's decisions through a legal procedure and that the party guides the broad masses to implement the party's line, principles, and policies through party organizations' activities and party members' exemplary role. The natures, functions, organizational forms, and ways of working of the party and state organs are different. We must reform the system of party leadership, distinguish between the functions of party organizations and those of state organs, and properly handle the relationships between party organizations and people's congresses, government organs, judicial organs, mass organizations, enterprises, institutions and all other social organizations, so that they can properly perform their functions. This should gradually become a system. As there are different situations in the central leadership, localities, and enterprises, so the concrete forms of separating the functions of the party from those of the government should also be different. The CPC Central Committee should make policy decisions on such important issues as China's internal affairs, foreign affairs, the economy, and national defense; recommend persons for leading posts in the supreme state organs; and exercise political leadership in all fields. Under the premise of implementing the line of the CPC Central Committee and ensuring unified implementation of government decrees throughout the country, local party committees at the provincial, city, and county levels must exercise political leadership over their local work. Their main responsibilities are to implement the directives from the CPC Central Committee and from higher party organizations, to ensure the implementation in their local areas of directives from governments of higher levels and from the State Council, to propose policy decisions on important local problems, to recommend outstanding cadres to local state organs,

and to coordinate activities of various local organizations. The relationship between the local party committees and government organs should be formed in practice and gradually become a regular system.

The separation of party and government at the township and town level should be conducted after the proper handling of relations between party committee and government organs at the county level.

In enterprises, party organizations should play a supervisory role and guarantee the implementation of party policies. They should not exercise concrete leadership over their own units but should support the directors and managers in their assumption of overall leadership.

In institutions, party organizations, along with the institution of the administration leader responsibility system, should gradually change their role and guarantee their supervisory role.

To meet the changes in the forms of leadership and activities of the party, it is necessary to readjust the organizational form and working organs of the party. In the future, the party committee at a given level will not designate as secretary or its standing committee member in charge of government work someone who holds no government post. Administrative organs of party committees must be small and effective. Party departments that overlap their counterpart government departments should be abolished, and the administrative affairs they are now managing should be transferred to competent government departments. Party leading groups in government departments should gradually be abolished since the practice of making these groups responsible to the party committees of the next higher level which have approved their establishment is not conducive to unity and efficiency in government work. Discipline inspection commissions of party committees will not deal with breaches of the law or infractions of administrative regulations but should concentrate on fostering a fine party style and enforcing party discipline. Party organizations in enterprises and institutions now under direct leadership of party organizations of an administration department at the next higher level should gradually be transferred under the leadership of the local party committees.

From the failure to separate the party from the government to the separation of the party and government is an important reform in the leadership system of our party. In fact, the failure to separate the party from the government has downgraded the party's leading position and weakened the party's leading role. The separation of the party and government will bring into better play the party's leading role and upgrade the party's leadership level.

Failure to separate party leadership and government administration has caused the party to fail to attend to its own affairs. Only when party leadership is separated

from government administration will we be able to ensure that the party will attend to its own affairs. Failure to separate party leadership and government administration has placed the party on the first front of administrative work, and has caused the party to become easily involved in contradictions or even become the center of contradictions. Only the separation of party leadership and government administration will enable the party to manipulate contradictions, take the whole situation into consideration, and give full play to its role as a general coordinator. Failure to do so will turn the party into a direct executive body. Consequently, it can hardly avoid bureaucratism. Only the separation of party leadership and government administration can ensure that party organizations will really exercise their supervisory function and will become a force to fight against bureaucratism. All the comrades of our party should take the initiative in actively and gladly plunging themselves into this reform to effect this historic change. [applause]

2. It is necessary to further delegate power to the lower levels.

The power of administrative, economic, and cultural organizations and mass organizations has been over-concentrated in their leading organs, namely, their party committees. This is an expression of excessive centralism. Another expression is that the power at the grass-roots level has been over-concentrated in the party's leading organs. On the one hand, our leading organs have attended to many things that should not be attended to, cannot be well managed, or simply cannot be handled, thus they have become trapped in routine. On the other hand, as grass-roots units do not hold initiative in their own hands, they can hardly fully exploit the masses' initiative. An effective way of overcoming this malpractice is to delegate power to the lower levels. This has been proved by the current reform. And further efforts should be made in other aspects.

Everything that is fit to be handled at the lower levels should be handled there. This is a general principle. As far as the relations between the central and local authorities are concerned, it is necessary to draw a demarcation line between the duties of the central and local authorities step by step, on the premise that the whole country is under the centralized administration of the government, so that the local authorities will take care of local affairs while the central authorities are responsible for formulating the general administrative guideline and performing supervision.

As far as the relations between the government on the one hand and enterprises and service units on the other hand are concerned, it is necessary to delegate management power to enterprises and service units in accordance with the principle of self-management and self-administration, so that all units will gradually take up their own tasks. The government's duty is to serve and supervise enterprises according to laws and regulations.

As far as the relations between the party and government on the one hand and the mass organization on the other hand are concerned, it is necessary to fully exploit the role of mass organizations and grass-roots mass self-governed organizations, so that the masses will gradually undertake their own affairs according to the law. All our local government organs and units must adopt an overall point of view and act strictly according to laws, regulations, and policies.

To fully invigorate enterprises and to give fuller play to the role of cities in the socialist commodity economy, the process of delegating power to the lower levels must be focused on the expansion of the power of central cities, enterprises, and service units. None of the power that is to be delegated to cities, enterprises, and service units should be curtailed by any intermediate units. This is an important measure to break the barrier between departments and between areas. Delegation of power will involve the reform of many systems, rules, and regulations. While effecting a change in their duties and reforming their organizational structure, all departments at all levels must take investigations, earnestly solicit opinions of grass-roots units, and thus work out concrete regulations one by one.

3. It is necessary to reform our government organs. Serious bureaucratic phenomena still exist in the political life of our party and country. Due to economic, cultural, social, and historical causes, our struggle against bureaucratism will be a protracted one. Separating party leadership from government administration, further delegating power to the lower levels, and giving full play to socialist democracy will help to overcome bureaucratism. What must also be noted is that our overstaffed but inefficient government organs, the establishment of excessive administrative levels, the failure to clearly define the duties of these organs, and disputes over trifles between them are also important causes for bureaucratism. Therefore, we must make up our minds to introduce a reform of our government organs from the upper down to lower levels. I suggest that the State Council actively start working out a plan for the reform of the central government organs, submit it to the First Session of the Seventh National People's Congress for consideration and approval, and then see that this plan is implemented.

To avoid slipping back into the old rut of streamlining, expanding, re-streamlining, and re-expanding, we must seize the changing of duties of government organs as a key link in the current institutional reform. It is necessary to merge and cut specialized administrative departments and specialized organizations within comprehensive departments to keep in line with the reform of the economic structure and the principle of separation between government administration and enterprise management. The government should shift from the line of mainly direct administration over enterprises onto the line of indirect administration. To set up a scientific and

integrated organizational structure, we must appropriately strengthen policy consulting, regulating, supervisory, auditing, and information departments, change the work style of comprehensive departments, and increase the government's ability to regulate and control macroeconomic activities. It is necessary to adhere to the principle of streamlining organizations and enhancing efficiency, sort out and consolidate all administrative companies and organs that have been set up in the past few years, abolish [words indistinct] companies, and reduce the size of the staff of those overstaffed departments. To ensure that the institutional reform will progress smoothly, we must work in real earnest to arrange jobs for those who are affected in the restructuring of organs and ensure that all government organs will work normally and proper arrangements will be made for government personnel.

On the whole, the main problem that must be solved in this institutional reform regarding the arrangement for government personnel is to readjust the structure and improve the quality of personnel. It is necessary to integrate the readjustment of personnel with their training and to transfer some government personnel to those government departments and cultural and economic organizations that need to be strengthened.

To consolidate the results of the institutional reform and bring administration onto the legal track, it is necessary to strengthen administrative legislation and provide basic standards and procedures for administration, to perfect the Organizational Law for Administrative Organs, to formulate the Law Governing the Authorized Size of Administrative Organs, to keep establishment of new organs and the size of staff under control by legal means and budget, to establish administrative responsibility system at every level, to improve work quality and efficiency, to draw up an Administrative Procedural Law, to strengthen supervision over administrative work and administrative personnel, and to ensure that any government member will be penalized for his dereliction of duty and other activities in violation of law and discipline.

4. It is necessary to reform the personnel system for cadres. The enhancement of vitality, efficiency, and initiative cannot go on without the reform of the personnel system for cadres. In recent years, we have adopted some important measures regarding the reform of the personnel system for cadres and have gained some valuable experience. However, the current personnel system for cadres still has some substantial shortcomings. The excessive centralism regarding the administrative power, the divorce between personnel management and government affairs, and the obsolete unitary administrative approach have obstructed growth of qualified personnel. The unsound administrative system and the lack of a legal system regarding employment of personnel are the two major problems that we have long been suffering from. On the one hand, outstanding young people have little chance to show themselves; on the

other hand, unhealthy tendencies regarding employment of personnel can hardly be avoided. Our purpose in introducing a reform of the personnel system for cadres is to regroup our state cadres, change the status quo of centralized administration, establish a scientific differentiating administrative structure, change the unitary mode by which cadres in power govern all personnel, and thus develop various administrative systems with different characteristics. It is necessary to change the lack of democracy and legal system and to effect legal administration and open supervision of cadres.

At present, the focus of the reform of the personnel system for cadres lies in the establishment of a government functionary system and the formulation of the laws and regulations concerned. It is necessary to carry out, in accordance with the law, a scientific administration of government members who exercise state administrative power and perform government duties.

Government functionaries will be divided into two categories, namely, administrative and professional functionaries. Administrative functionaries must be administered strictly according to the Constitution and the Organizational Law, and a system of a limited term of office for this category of functionaries will be practiced. They are subject to the open supervision of society. The party central authorities and local units at all levels are to recommend candidates for administrative functions at all levels according to procedures provided by the law and to supervise and administer those administrative functionaries who are not CPC members. Professional functionaries are to be administered according to the Government Functionary Law, and a system of a permanent appointment for this category of functionaries will be practiced. All those who intend to enter the ranks of professional functionaries must sit for an examination provided by the law and secure their positions through public competition. The duties of all these professional posts are clearly defined. And the examination of candidates for all these professional posts is to be made according to legal standards and procedures. Their promotion and demotion and their rewards and punishments must mainly be based on their performance, and their training, pay, welfare, and retirement benefits will be guaranteed by the law.

The introduction of the government functionary system will help the party to strengthen and improve its leadership over the personnel system. It will be favorable to the fostering of political activists and administrators with ability and political integrity, and it can help to raise the government's work efficiency and increase the stability of government administration. It will take quite a long time to establish and perfect such a system. At the moment, we must pay more attention to formulating the regulations governing government functionaries and working out other relevant measures, and set about establishing a state functionary administrative organ and a state administrative institute.

While establishing the state functionary system, it is necessary to exercise categorical management over all kinds of personnel in accordance with the principles of separating the functions of the party and government and separating government administration from enterprise management. Leaders and working personnel of party organizations and leading organs will be under the management of the party committees at all levels. Regarding leaders and working personnel of the organs of state power, judicial organs, and procuratorial organs, a system similar to the one of state functionaries will be established to exercise management. Regarding leaders and working personnel of mass organizations and managerial personnel of enterprises and institutions, the organizations or units concerned will work out relevant management rules and regulations.

Whichever management system is implemented, we should embody the principles that stimulate and encourage competition and exercise democratic and public supervision. The introduction of the competition mechanism in enterprise management has created unprecedented conditions for outstanding entrepreneurs and qualified personnel to show themselves. We should adapt ourselves to the situation and constantly sum up experience so as to establish and perfect a new enterprise personnel system. The competition mechanism should also be introduced in the management of personnel in other special fields. In light of the laws concerning the growth of qualified personnel, all trades and professions should establish distinctive management methods and systems so that all kinds of experts and industrialists will come forth in large numbers and become the backbones of various fields. Both the party and government should create social conditions for qualified personnel to flow reasonably and choose jobs at discretion. We must eliminate the outdated views which determine positions according to seniority and which suppress creativity and the enterprising spirit. Only by doing so can we make the best possible use of men and invigorate the party, state, and society.

5. Establishment of a system of social consultation and conversation. It is an important topic under socialist conditions to correctly handle and coordinate the different interests and contradictions in society. The leading organs at all levels can realistically carry out work and avoid mistakes only by tentatively listening to the views of the masses. It will be difficult for the masses to understand the activities of leading organs and the difficulties they confront unless the masses are aware of them. There must be a channel for the demands and voice of the masses to constantly reach the higher levels. The concrete views and matters of interests of the masses may differ from each other. For this reason, there must be an opportunity and channel for them to contact each other. Therefore, social consultation and conversation should become a regular activity which can promptly and correctly make the situation at the lower levels known to the higher authorities and the directives of the authorities known to the lower levels and attain mutual

understanding. The basic principle for establishing the system of social consultation and conversation is to carry forward the fine tradition of "from the masses, to the masses," increase the openness of the activities of the leading organs, and let the masses know and discuss major issues. Above all, it is necessary to work out regulations concerning social consultation and conversation to clearly state which problems should be solved by which organization through consultation and conversation. Consultation and conversation on major issues of the state, localities, and grass-roots level should be carried out respectively at the three respective levels. Leading organs at all levels should regard this as a major issue in leadership work. It is necessary to make further efforts to give full play to the existing consultation and conversation channels and take note of exploring new channels. We must make use of modern media to increase reports on government and party affairs. We must give full play to the supervisory role of public opinion, encourage the masses to criticize the mistakes in our work, oppose bureaucracy, and fight against unhealthy tendencies of every description.

6. On several regulations concerning perfection of socialist democratic politics. The essence and core of socialist democratic politics are the people being masters of their own affairs and genuinely enjoying the rights of citizens and the rights to exercise management over the state, enterprises, and institutions. The building of socialist democratic politics at the present stage should be focused on practical results and arousing the initiative of the grass-roots levels and the masses. The system of the people's congress is China's fundamental political system. The people's congresses at all levels have made marked progress since the beginning of this year. In the future, we should continue to perfect the functions of the people's congress and its standing committee and strengthen legislation work. The people's congresses at all levels should establish close ties with the masses so that they can represent and be supervised by the people. We should enhance the organizational building of the NPC, its standing committee in particular. While making the ranks of NPC members younger in average age, they should gradually become full-time members. We should perfect the rules and working procedures of the special committees under the NPC so that they can make further efforts on self-building. The CPPCC is a patriotic united front organization composed of various democratic parties and social organizations. It is necessary to strengthen organizational building of the CPPCC and gradually regularize political consultation and democratic supervision of the state's major policies and issues concerning the people's livelihood. We must adhere to the principles of "long-term coexistence and mutual supervision," "showing utter devotion to each other," and "sharing honor and disgrace," perfect the system of multi-party cooperation and consultation under the leadership of the Communist Party, and give full play to the role of the democratic parties and patriotic personages in the state's political life. The mass organizations including trade unions, CYL, and women's federation have

always served as bridges linking the party and government with the working class and the masses. They have played an important role in socialist democratic life. We must coordinate the relations between the administrative organizations and the masses so that the mass organizations can independently carry out work in light of their own characteristics and safeguard the specific interests they respectively represent on the premise of safeguarding the overall interests of the people of the whole country. The mass organizations should also reform their organizational system, change the methods of their activities, take an active part in social consultation and conversation, democratic management, and democratic supervision. They should focus their work on the grass-roots levels, overcome bureaucratic airs, and win the trust of the masses, particularly those at the basic levels.

The democratic factors in elections have increased since the beginning of this year. However, the election system is not yet perfect. Some systems are not effectively implemented in an all-round way. Henceforth, we should respect the will of the voters and ensure that the voters have the right to vote. We should adhere to the system of candidates exceeding the number of seats, improve the method of nomination, and perfect the method of recommending candidates. Facts have proved that while electing representatives for various congresses, the practice of rigidly determining the list of candidates cannot embody the will of candidates. To ensure that the candidates are representative, besides insisting on the district election system, some representatives can be elected through various levels or through other means. Regularization of democratic life at the grass-roots levels is the basis to ensure that the working class and the masses can become masters of their own affairs, arouse the initiative of all fields, and maintain stability and unity of the whole society. The practices of infringing upon the rights and interests of the masses are not rare. For this reason, it is necessary to enact laws on press, publication, assembly, association, procession, and demonstration and establish the people's appeal system so that the rights and freedom of citizens prescribed by the Constitution are ensured. In accordance with the law, it is necessary to check the practices of abusing power. It should be pointed out that feudal patriarchal behavior is still prevailing in some departments and grass-roots level units. To eliminate the conditions that give rise to such practices, it is necessary to work out laws and regulations on rational flow of personnel, establish the system of labor arbitration, and promote socialization of public welfare undertakings.

China is a country of multiple nationalities. It is a major issue that has a bearing on the fate of the country to support the solidarity of the motherland, to uphold nationality equality and solidarity, and to promote the common prosperity of all nationalities. It is necessary to further make complete and perfect the system of regional nationality autonomy, to bring up minority nationality cadres in a big way, to continue to consolidate and

strengthen the great solidarity of all nationalities, to develop the socialist nationality relationship characterized by equality, solidarity and mutual support. We should educate the whole party to earnestly implement the party policy toward nationalities, and to work hard to fulfill the party tasks regarding nationality work.

7. Strengthening the building of the socialist legal system. Socialist democracy is inseparable from the socialist legal system. Without the stability and solidarity of the whole society, economic construction would be impossible. Neither is it possible to carry out economic structural reform or political structural reform. The principle of having a law to abide by, abiding by the law when it exists, being strict with exercising the law, and affixing the responsibility whenever the law is violated must be implemented in every aspect in the political, economic and social lives of the state, and every link in democracy and dictatorship. We must grasp construction and reform on the one hand, and the legal system on the other. The building of the legal system must run through the whole course of reform. We should strengthen legislative work, improve judicial activities, guarantee judicial organs to exercise their functions independently in accordance with the law, and elevate the sense of the law among the nationals. At the same time, the building of the legal system must guarantee the order of construction and reform, so that the results of reform may be consolidated. Regarding what should be promoted and what reformed, we should do our best to clarify them in the forms of laws and we must define their functions. Only then will it be possible to set up the new norms for the political, economic, and social lives of the state. We should gradually institutionalize the relationship between party, government organizations and other social organizations, the internal activities of state and government organs, the relationship between the central authorities, localities and grass-roots units, the training, selection, appointment, and elimination through selection personnel, the democratic life in the grass-roots units, and social negotiation and dialogues. In sum, it is necessary to make the legal system and institutions a common practice in socialist democracy and politics through reform step by step. This is a basic guarantee for preventing a repeat of the Great Cultural Revolution and for ensuring long-term peace and stability in China. [applause]

China's existing political structure was born out of the war years, basically established in the period of socialist transformation, and developed in the course of large-scope mass movements and incessantly intensifying mandatory planning. It fails to suit the economic, political and cultural modernization under peacetime conditions or the development of socialist commodity economy. Regarding such a condition, we should make a historical analysis. Such a structure was the offspring of past historical conditions. Now it must undergo reform when the situation has developed, and the party cause has made progress. This is an arduous and complicated task, and we must adopt a principle of resolution and

circumspection, unfold the reform step by step in an orderly way with leadership, and push it forward as steadily as possible. We must pay attention to experiments in every item of reform, encourage explorations, and pay attention to finding down-to-earth transitional measures and ways, so that the work reform may proceed in an orderly way step by step. As conditions vary in different localities, we should not require unanimity in everything. All the more steady and appropriate steps suitable to local conditions must be adopted regarding the reform minority nationality regions and remote border areas. Greater flexibility should be allowed in the special economic zones. Great accomplishments have been scored in the army reform. The army is different from the localities. The Central Military Commission will make arrangements for the army reform alone.

The immediate goal for the political structural reform is limited. Some items may be effective within this year, others may take a decade and even longer to be proven successful. However, this goal will lay down a sound foundation for socialist democracy and politics when this immediate goal is fulfilled. On this basis, we will be able to gradually realize our long-term goal. This is a magnificent cause. All party comrades should assume an active attitude to plunge themselves into the current reform. Party organizations at all levels must strengthen their leadership of reform, and do a good job in taking the lead in their own reform in the course of the political structural reform. (applause)

#### 6. Strengthening Party Building in the Course of Reform and Opening Up. [subhead]

The Chinese Communist Party is armed with Marxism-Leninism-Mao Zedong Thought. [subhead]

It is a staunch party that has stood the test of long-term struggles. To fulfill the arduous and complicated tasks determined by the current national congress, to better take up the great historical responsibility for the leadership in building socialism with Chinese characteristics, we must study the theory and practice of party building under the new conditions, to further change the concepts and practice unsuitable to the new situation, and strengthen party building in a down-to-earth way.

Party building is always linked closely with the party political line. All party work in the new historical period must guarantee the implementation of the party basic line. Reform must also be carried out in the party building itself, to meet the new situation of reform and opening up. This guiding idea should be embodied in the party building in ideology, organization and style. It is imperative to propagate the party basic line in the party ideological buildup in an all-round way, to firmly grasp the one center and two basic points in the party basic line. Party organizations and party schools at all levels should constantly and profoundly educate party members in the party basic line and basic party knowledge by linking closely with the reality of the initial stage of

socialism, to unify the thinking and actions of all party members, and leading cadres in particular, with the party basic line, so that all communists may become vanguards, who will consciously strive for the realization of the party tasks, and be models with lofty ideals, moral integrity, good educational background, and a high sense of discipline. Party propaganda and educational work must undergo reform. Formality must be overcome and attention be paid to practical results. It is impossible for us to return to the cocooning state of the past, forbidding people to come in contact with ideological trends of every description, nor should we evade all sorts of problems in people's thinking and understanding emerging in the course of construction and reform. This requires us to do away with empty and dull stereotyped party writing, and to conduct our propaganda and education with the masses' own experiences in the forms they love, so that the ideas of adhering to reform and opening up as well as the four cardinal principles may genuinely strike root among the masses. Reform, opening up and the development of socialist commodity economy require us to pay great attention to, to strengthen and to improve the party ideological and political work. In the course of reform and opening up, people's thinking is extraordinarily active. This is a good thing, and a phenomenon in conformity with the law governing history. It is necessary for us to inherit the party good traditions of ideological and political work, and to work hard to create all kinds of effective forms and specific ways suitable to the new situation, so as to make ideological and political work run through all fields of construction and reform in a down-to-earth way, to stimulate peoples socialist initiatives, their enthusiasm for blazing new trials, and devotion, to concentrate the strength of the entire nation on the magnificent cause of building socialism with Chinese characteristics.

The qualities of the cadre contingent play a decisive role in the implementation of the party line. To suit the line since the 3rd Plenary Session of the 11th CPC Central Committee, we proposed the principle of cadres being more revolutionary, younger in average age, better educated, and professionally competent. Practice has proved that the principle is correct. To see whether one is revolutionary, the most important point is whether one resolutely implements the basic party line. We should appoint those cadres on important posts, who have both ability and political integrity, lofty ideals and upright style, who are loyal to the party line and able to implement it in a creative way; while refraining from appointing those who speak empty words, do no practical work, and lack enthusiasm and a sense of responsibility for socialist modernization. Practice is the criterion for judging whether cadres adhere to the four cardinal principles, reform and opening up, for evaluating and their work and right or wrong. We should boldly appoint those cadres who have made practical contributions to reform, opening up, and socialist modernization, who are acknowledged by the masses and have won their faith. Regarding some fine young cadres among them, we should be bold to make them take up heavy work. We

should care for and support those cadres who are bold at exploration and blazing new trails. We should allow them to commit mistakes and help them to continuously sum up experiences, so that they may improve their intelligence and talents, learn and become more competent through practice. Only then, will it be possible to fill leading organs at all levels with vitality and to realize cadres being younger in average age. To realize cadres being younger in average age, the focus at present is on the leading organs at the central level. We propose that a comparatively large stride be made at the current national congress.

The leading members of the party's local and grass-roots organizations must also become younger in average age. However, we cannot mechanically require that the average age in the leadership groups of the provinces, prefectures, counties, and grass roots gradually drops. We must pay attention to arranging an echelon structure of age in the leadership groups according to this principle. In insisting on having cadres better educated and more professionally competent, we must pay attention to the different demands of different work posts.

The cooperation between new and old cadres and replacement of the old by the new in recent years has been very successful. The leadership groups at all levels basically meet the requirements of the party's line. In the future we must continue to augment and improve them, carry out appropriate readjustments, and also be sure to keep them stable.

Tangibly strengthening the building of the party's systems is very important for consolidating and developing the party's correct line, making the party's policy-making a democratic and scientific process, and bringing into full play the initiative and creativity of the party organizations and party members at all levels. Inner-party democracy will gradually promote democracy among the people and is a practical and effective way to develop socialist democratic politics.

We must start with the central authorities in putting on a sound basis the party's collective leadership system and democratic centralism. The main points are: Establish a system whereby the Standing Committee of the Political Bureau makes periodic reports on work to the Political Bureau, and the Political Bureau makes periodic reports to the CPC Central Committee plenary sessions; appropriately increase the number of Central Committee plenary sessions, so that the Central Committee can better play its role in collective policy-making; formulate work rules and a system for holding democratic life meetings of the Political Bureau, its Standing Committee, and the Central Secretariat, so as to institutionalize collective leadership and to strengthen supervision and constraints over the party leaders; the local party organizations at all levels should also correspondingly establish and perfect the rules of procedure and systems for voting and for holding democratic life meetings. It is necessary to reform and perfect the party's election

system, and work out explicit provisions for nominating procedures, with more candidates for election than there are posts. In the near future, the election method of having more candidates than posts should first be expanded to the election of secretaries of party grass-roots organizations, members of local party committees at various levels and their standing committees, and members of the Central Committee.

We must ensure the democratic rights of party members as stipulated in the party Constitution and draw up regulations for ensuring these rights. Violating party members' rights is also a violation of party discipline and must be punished by the party.

We must keep open the channels of democracy within the party and put democratic life on a sound basis, to ensure that party members will know more about inner-party affairs and have more opportunity to take a direct part in them.

Its position as the ruling party is prone to encourage trends in the party of becoming divorced from the masses, and such trends do much more harm among the people than before we became the ruling party. The new situation of reform and opening up makes the task of building party work style all the more conspicuous. Since the 3d Plenary Session of the 11th CPC Central Committee, our party has revived and carried forward the fine work style of linking theory with reality, keeping in close touch with the masses, and practicing self-criticism. The party's line and policies represent the greatest interests of the masses and have stimulated the development of the social productive forces. As reform and opening up develop, there has been a great deal less of the subjectivism and issuing of compulsory and blind orders and bad trends of frequently criticizing, struggling against, and punishing people which occurred in the past. In the party organizations and among the party members, the great majority of party members and cadres actively and loyally serve the people and have displayed great pragmatic spirit and creativity. As far as these aspects are concerned, we should affirm that the party's ties with the masses have been greatly strengthened.

Reforming the economic and political structures and separating party from government will further check the occurrence of bureaucratism in the party and turn the party into a strong force in the struggle against bureaucratism. At present what causes many views and strong objections among the masses is the practices of a few party members, especially leading cadres, in abusing their powers, damaging the masses' interests, interfering with the smooth progress of reform and opening up, and ruining the party's reputation. These are serious problems that a merit particularly high degree of attention and must be seriously resolved.

Following the damage done during the Great Cultural Revolution, it was completely necessary to spend a concentrated period of time in party rectification. The party rectification work of the previous few years was mainly successful. At the same time, it must be pointed out that resolving the problems of impurity of ideology, organization, and work style in the party is a long-term and regular task. It is impossible to solve all the problems in the course of a certain period of rectification. When old problems have been solved, new ones will emerge. Since we are the ruling party, we must stand the test of holding power. As our party is leading reform and opening up, it must also stand the test of reform and opening up. This is the greatest issue to be resolved in party building in the new period.

We should make this estimate: Generally speaking, our party is able to stand these tests. It has the strength, it has the strength [phrase restated] to struggle against all kinds of negative and decadent phenomena. However, we must also reckon that there are also a small number of party members who cannot stand the test. In recent years, there have been cases among certain party members of tax evasion, smuggling and peddling contraband, bribery, deliberate violation of the law, blackmail, corruption and speculation, giving away state secrets and economic information, violating discipline related to foreign affairs, appointing people to posts on the strength of favoritism, dealing blows at people in revenge, and other depraved phenomena. Naturally we cannot change the general guideline and policy of reform and opening up just because a few party members cannot stand the test. Nor can we put aside construction and reform in order to sweep up this dust. We must include in the reform the drive against corruption, and make this a system.

A struggle against corruption in the party is inevitable in the course of reform and opening up. If we allow corrupt elements to remain in the party, this will ruin the entire party. For party members who cannot stand the test, we must first conduct education with warmth and enthusiasm. However, experience has proved that the problem cannot be completely resolved just by relying on education. We must govern the party with strictness and resolutely enforce party discipline. We must follow the principle of dealing resolutely with those corrupt elements who damage the cause of the party and people. We must deal with them as soon as they are discovered, and expel as many as necessary. We must certainly not indulge them. [applause]

The strength and role of a proletarian ruling party is determined mainly by the quality of the party members, not by their number, and by their steadfastness in carrying out the party's line and their loyalty to the communist cause. For a long time, we have tended to neglect quality in recruitment of party members, and some party members do not meet the criteria, or do not completely meet them. Hence, in governing the party with strictness, apart from continuing to expel a few

corrupt elements, we must also focus on regular education for the great majority of party members, to improve their quality. The party is the vanguard of the proletariat; it is a force with a high sense of organization and discipline. The party members must meet the criteria for party members, strictly accept the constraints of party discipline, and play the model role of party members. Party members working in the party and government leading organs, especially party-member cadres shouldering important leadership duties, must have still stricter rules.

In the years of revolutionary war, the CPC members had to undergo the test of sacrificing their lives. Today, they must continue to stand the tests of holding power and of reform and opening up. Compared to non-party people, party members must at all times uphold the interests of the state and people and consciously sacrifice more of their own interests. This is why the title of Communist Party member is glorious. We naturally cannot demand that the non-party masses observe the demands that the party Constitution imposes on party members, but the party members must observe them. If they cannot do so, and fail to fulfill the duties as stipulated in the party Constitution and refuse to mend their ways despite education, they should be advised to leave the party or have their names struck from the party rolls. Persuading them to leave the party and removing their names from the rolls are necessary measures for ensuring the party's status as vanguard of the working class.

With regard to people who leave the party ranks, the party organizations at all levels should continue to sincerely unite with them, and should not deal blows to them. They can remain good citizens and as such give their best to society. Some of them can continue to undertake appropriate leadership work.

We must continue to admit into the party those progressive elements who are qualified for party membership emerging in large numbers in the course of reform and opening up to the outside world. Unhealthy trends can only be checked by encouraging healthy ones. We must actively and promptly commend good comrades who have firm party spirit and the spirit of conscientiously making sacrifices, who serve the people wholeheartedly, do everything for the interests of the people, set an example in implementing the party's policies, and fulfill the tasks the party assigns to them. All this should be taken as the principal day-to-day work of the basic party organizations. We must always conduct education, frequently strengthen supervision, regularly carry out criticism and self-criticism, often strengthen discipline, regularly clear the corrupt elements, properly dispose of the elements who are not qualified for party membership, always admit outstanding elements, and frequently encourage healthy trends and check unhealthy ones. Through the exemplary vanguard role of the communists we rally the masses around the party so as to build the basic party organizations into a powerful fighting force. Party leading bodies have a responsibility to help the

basic party organizations do a good job in this work. If this day-to-day work can be done well, it will be possible for us to blaze a new path which does not rely on political movement but relies on reform and systems in the building up of the party ideologically and organizationally under the new historical conditions.

Reform, especially the political structural reform, will instill new vitality into the building up of our party ideologically and organizationally. We must keep abreast of the great reform to build up our Marxist party well. In so doing, our party will be able to adopt a brand-new stance in the forefront of reform and modernization and to become a party which is bold in carrying out reform and full of vigor, a party which is strict in discipline and is fair and honest, a party which can effectively serve the people.

#### 7. Strive for a New Victory of Marxism in China. [subhead]

Socialism with Chinese characteristics is the result of integrating the fundamental tenets of Marxism with the modernization drive in China. It is scientific socialism rooted in the realities of present-day China, an ideological basis which achieves unity of thinking and cements unity among the entire people and the people of the whole country, and a great banner which guides our course. Marxism is a science that keeps developing in practice. It is a general trend in the contemporary era that Marxism needs further, extensive development. Practice is undergoing great changes and the contemporary world going ahead by leaps and bounds. The cause of the working class and laboring people is charting a new advance. All this demands that Marxists open up a new cause, develop new concepts, and enter a new realm. Changing socialism from an idle dream into science is the great historical merit of Marx and Engels. From theory to practice, from the practice of building socialism in one country to such practice in many countries and then to the practice of reforms in socialist countries in the contemporary world—scientific socialism is the extension and deepening of the understanding of socialism and the integration of the theory of scientific socialism with the practice in various countries and with the developments of the times. In this process, it is only natural that people will discard some theses which are utopian because they were formulated by our predecessors within the limits of their historical conditions. It is also natural that people will reject dogmatic interpretations of Marxism and erroneous viewpoints imposed on it, and will further develop the theory of scientific socialism on the basis of new practice.

The integration of Marxism with practice in China for more than 60 years has experienced two major historical leaps. The first leap took place during the new-democratic revolution, when the Chinese Communists, after repeated exploration and on the basis of summing up success and failure, found a road of revolution based on China's specific conditions and led the revolution to

victory. The second leap took place after the 3d Plenary Session of the 11th CPC Central Committee. Having analysed both positive and negative experiences of more than 30 years since the founding of the People's Republic and studied the experience of other countries and the world situation, the communists have just found a way to build socialism with Chinese characteristics, thus ushering in a new period of socialist construction.

Since the 3d Plenary Session of the 11th CPC Central Committee, our party, in the course of deepening the understanding socialism, elaborated and developed a number of scientific, theoretical viewpoints in philosophy, political economics, scientific socialism. They include the viewpoint of emancipating our minds, seeking truth from facts, and taking practice as the sole criterion of truth; the viewpoint of building socialism in line with specific conditions of a country and taking one's own road; the viewpoint that when the economy and culture are backward, we must undergo a considerable length of the initial stage of building socialism; the viewpoint that the fundamental task of socialist society is to develop the productive forces and concentrate efforts on attaining modernization; the viewpoint that the socialist economy must be based on the planned commodity economy; the viewpoint that reform is the major force driving the development of socialist society and opening up to the outside world is a prerequisite for the realization of socialist modernization; the viewpoint that socialists spiritual civilization is a major feature of socialism; the viewpoint that the two basic views of upholding the four cardinal principles and adhering to the general policies of reforms and opening up to the outside world are indispensable to each other, the viewpoint of accomplishing national reunification through the one country-two systems concept; the viewpoint that the style of the ruling party has an important bearing on its life and death; the viewpoint of developing our relations with the communists parties and other parties of other countries in accordance with the principles of acting independently, maintaining complete equality and mutual respect, and not interfering each other's affairs; and the viewpoint that peace and development are the main trends of the contemporary world. All these viewpoints formulate the theory of socialism with Chinese characteristics and initially answer the fundamental questions regarding the stage, tasks, motive force, conditions, line-up and international environment for building socialism in our country, thus portraying a scientific track of our progress.

Some other questions are that we must break with the historical idealistic viewpoint of abstractly expounding socialism without consideration of the development of productive forces, and essentially draw a clear distinction between scientific socialism and different types of utopian models. Marxism and historical materialism always hold that the productive forces are the most decisive force of all social development. Only when the relations of production and the superstructure meet the needs of the development of the productive forces, will

they be able to promote the development of the productive forces. The emergence of socialist society, the development of socialism from one stage to another, and even the realization of communism are all indispensable to the development of the productive forces.

As early as the revolutionary war years, the CPC already made it clear that in the last analysis the pact, good or bad, great or small, of the policy and practice of any Chinese political party upon the people depends on whether and how much it helps to develop their productive forces, and on whether it fetters or emancipate these forces. At that time, we had to take class struggle as our central task because if we wanted to emancipate the productive forces we must, first of all, overthrow the rule of the reactionary classes to free the laboring people from political oppression and economic exploitation.

Now it is different. The exploiting classes have been eliminated and the laboring people have become the masters of their own affairs. We have already entered the period of socialist construction. Developing productive forces has naturally become the central task. The powerful strength of the country, the prosperity of the people, the flourishing scientific and cultural cause, and the consolidation and development of the people's democratic regime, in short, the full demonstration of the advantages of socialism and the continuous strengthening of its attraction are attributed to the development of productive forces in the final analysis. All things advantageous to the development of productive forces serve the people's interest and are also a demand of socialism or allowed by socialism. All things disadvantageous to the development of productive forces run counter to scientific socialism and are not allowed by socialism. Under such historical conditions, the standard of productive forces will have a more direct and decisive significance. [applause]

The reason we should uphold the four cardinal principles is that only by so doing, can we basically ensure the development of productive forces in today's China. The reason we should adhere to reform and opening up is that only by so doing, can we further liberate the productive forces which are still fettered and can we promote rapid development of productive forces. Using abstract principles and vague patterns by deviating from the standard of productive forces to judge life can only defame Marxism. We acknowledge and highly value the great counteraction of production relations and the superstructure. However, only on the basis of acknowledging that productive force is the decisive role and the basic standard, can we correctly handle the contradiction between productive forces and production relations, and the contradiction between the economic basis and the superstructure, and can we ensure that the reform in production relations and the superstructure can truly meet the situation and demands in the development of productive forces in contemporary China and will be free from subjective idea.

The initial stage of socialism will be a very long historical period. We have very little as well as superficial knowledge of many aspects regarding the status, contradictions, development, and objective laws of the period. Many of our principles, policies and theories need to be perfected. With the passage of time, we must continuously improve, supplement, revise and improve them. We should neither treat one or two thesis on books as dogmas that can bind us hands and feet, nor should we treat some initial achievements in practice as perfect patterns. We must encourage exploration and pioneering work in practical work. In theoretical study, we must adhere to the principle of "letting a hundred flowers blossom and a hundred schools of thought contend." The view that life is practice is the first and basic view of the theory of knowledge. Without exploration, without blazing new trails, and without comparison between different experiments, and without discussion of different views, our cause will be lifeless. We must vigorously develop the scientific spirit and creativity of Marxism and pluck up the courage of the whole nation to make exploration and blaze new trails. This is where the continuous development of our theory and practice lies. Most comrades of our party support the line since the 3d Plenary Session of the 11th CPC Central Committee, uphold Marxism, and support reform and opening up. Only a handful of people stick to rigid ideas and deny Marxism. However, deviations of ideological understanding often occur within our party. A person may have one kind of lopsided idea under one circumstance and another kind of lopsided idea under another circumstance.

We should neither treat those who cannot keep up with the pace of reform temporarily as people with rigid ideas, nor should we treat those who have emancipated their minds and dare to air different views as people who advocate bourgeois liberalization. The appearance of deviations of ideological understanding and lopsided ideas, in the final analysis, is due to the separation of our subjective ideas from objective reality. The only method of overcoming this is to guide people to face the practice of the four modernizations drive and reform, to face the world, and to face the future. Emancipating our minds, seeking truth from facts, and uniting as one to forge ahead remain our basic slogans.

In the great historical process of reform and opening up, we shall meet with many contradictions and difficulties. Therefore, it is particularly necessary for the comrades of the whole party to strengthen unity, to unify their ideas and ideological understanding, and to forge ahead with one heart and one mind. With the whole party uniting as one and full of vitality, our cause will surely prosper. [applause]

A great practice needs a great theory. The 1 billion people of China are now engaged in the great cause of modernization and reform. Abundant and vivid practice has provided an inexhaustible source of material for us in carrying out creative theoretical summation. At

present, the state of building Marxist-Leninist theory in the party is not at all compatible with the great cause we are engaged in. Although we have been carrying out reform and opening up for many years, theoretical research and propaganda and education in reform and opening up remains a rather weak link. An important task facing the comrades of the whole party, and especially senior and middle-level cadres, is to seriously study and grasp the standpoint, viewpoint, and method of Marxism and to do still better in integrating Marxism with the practice of China's construction and reform and with the reality of all fronts and regions.

Our party is at an important historical moment when the old are being replaced by the new. Large numbers of new comrades are joining the party's ranks, and large numbers of new cadres are taking up leadership posts at all levels. At such a moment, still more urgent and far-reaching is the significance of clearly understanding the great trend that Marxism must be developed, proposing to the whole party the task of studying and enriching Marxism-Leninism-Mao Zedong Thought in the course of practice, and building a contingent of Marxist theorists including large numbers of new-emerging forces and brimming with creativity. [applause]

Comrades, the mission entrusted us by history is great and arduous. May our party and the people of all nationalities throughout the country, the democratic parties, and mass organizations unite still more closely under the great banner of building socialism with Chinese characteristics. May our mainland compatriots, Hong Kong, Macao, and Taiwan compatriots, and Overseas Chinese unite still more closely under the great banner of the reunification and invigoration of China. This is the fundamental guarantee for the sure victory of our cause. [applause]

Our cause is advancing toward the future. The party and people always pin their greatest hopes on the growing younger generation who represent the future. The invigoration of the Chinese nation and the building of a beautiful future, and the victory of socialist modernization must depend on the efforts of all the people, and in the final analysis, on the young people in carrying on the cause and making arduous efforts. [applause]

Comrades, at present the international situation is favorable for China's socialist modernization. Propelled by the tremendous efforts of the world people to safeguard peace and pursue development, there is an increasingly strong demand for an end to the arms race and to aggression and expansion, and for genuine disarmament and early settlement of regional conflicts. It is against this background that the United States and the Soviet Union recently reached an agreement in principle on the question of medium-range missiles, bringing about some relaxation in East-West relations. We welcome this.

However, we must be soberly aware that reaching an agreement in principle on eliminating medium-range missiles is merely a first step toward disarmament, and that the arms race is far from ended. Not a single hot spot has been removed. And moreover, there exists the danger of escalation in some regional conflicts.

It will be a long, difficult, and arduous process to achieve a genuine relaxation of international tensions, so people of all countries must continue to exert themselves without wearying.

China will continue to unwaveringly pursue its independent foreign policy of peace and will continue to develop relations of friendship and cooperation with all other countries in the world on the basis of the five principles of peaceful coexistence. Together with other peace-loving countries and people around the world, we shall work to promote the development of the international situation in a direction favorable to the world's people and to international peace.

China's revolution and construction is an important component part of the cause of the progress of man. The birth of the PRC shook the world and strengthened the progressive forces in the world and the influence of Marxism. The success of China's socialist modernization is sure to make new contributions to world peace and the cause of the progress of man, and will further strengthen the attraction of scientific socialism.

We have already achieved victory in the first stage of our advance toward the great goal of socialist modernization. We must strive for new and still greater victories in the second and third stages. We firmly believe that the road of building socialism with Chinese characteristics is bound to become broader and broader! [applause]

**CPC Delegates Discuss Zhao Report in Groups**  
*OW251226 Beijing XINHUA Domestic Service  
in Chinese 0911 GMT 25 Oct 87*

[Text] Beijing, 25 Oct (XINHUA)—Beginning this afternoon, the delegates attending the 13th CPC National Congress divided themselves into 33 groups to discuss the report delivered to the congress by Comrade Zhao Ziyang on behalf of the 12th CPC Central Committee.

Those delegates specially invited to attend the congress also participated in various group discussions.

**Congress Delegates Continue Panel Discussions**  
*OW260118 Beijing XINHUA in English 0050 GMT  
26 Oct 87*

[Text] Beijing, October 26 (XINHUA)—Delegates to the 13th National Congress of the Communist Party of China this morning broke into 33 delegations to continue panel discussions on the work report delivered by Zhao Ziyang on behalf of the 12th party Central Committee.

The specially invited delegates joined in the discussions with the delegations.

The discussions began yesterday afternoon.

**Congress Delegates Acclaim Realistic Approach**

*OW260447 Beijing XINHUA in English 0409 GMT  
26 Oct 87*

[Text] Beijing, October 26 (XINHUA)—Delegates attending the 13th National Congress of the Chinese Communist Party acclaimed the realistic approach shown in the work report delivered by acting General Secretary Zhao Ziyang on behalf of the 12th party Central Committee.

Rui Xingwen, secretary of the party committee of Shanghai, China's major industrial center where the Communist Party was born in 1921, said: "The work report is rich and theoretical, characterized by a realistic approach." It boosts people's morale, he added.

He said he believed the report would enjoy wholehearted support of the whole party. He stated: "It will inspire the people and party members in Shanghai to surmount difficulties on their road of reform and opening to the outside world in their bid to build the city into a multi-functional modern metropolis."

Zhang Baifa, vice-mayor of Beijing, said that having carefully studied the report, he concluded that it reasons on the basis of actual facts.

He said that he was especially happy to note that the report listed the separation of party and government functions as a key to the reform of the political structures. He said: "The separation will enable administrative leaders to play their role to the full, and at the same time, free party leaders from administrative routines and strengthen the supervision of government departments."

The vice-mayor is now in charge of the capital's urban construction. Formerly he was a building worker and in 1950s helped build the Great Hall of the People where the Congress opened yesterday. He said: "Success of urban construction has not been possible without energetic ideological and political work as well as economic factors."

Long Zhiyi, a man of the Yi ethnic group and deputy secretary of the Guizhou provincial party committee, pointed out the attention Zhao's work report gives to the importance of developing the productive forces. He said that the party organizations and government departments will concentrate their efforts on promoting the productive forces. He said that the report provided the theoretic basis for the reform.

Delegates from northwest China's Qinghai Province cited the tremendous changes in their province since the Third Plenum of the Party's 11th Central Committee in

1978. Its industrial output jumped 18 percent in the first nine months this year on the basis of steady growth over the past years. The economically underdeveloped province is striving to develop its electric, petroleum, aluminum, chemical fertilizer and non-ferrous metal industries.

A delegate of the Tibetan ethnic group reported that the family contract responsibility system and three-year tax exemption for Tibetan herdsmen have imbued the grasslands with vitality. Many herdsmen use wind-powered generators, and have washing machines and recorders among other modern consumer goods. The herdsmen support the policies of the party.

A delegate of the Mongolian ethnic group who attended the 12th national party congress in 1982 conveyed two suggestions raised by people in mountainous areas of north China's Hebei Province: Continue the present rural policies and give preferences to mountain folks including long-term loans. He reported that people in his home place are living a much better life on the basis of expanded production.

**Zhu Muzhi Holds Second Press Conference**

*OW260652 Beijing Domestic Service in Mandarin  
0300 GMT 26 Oct 87*

[Second press conference held by Zhu Muzhi, spokesman for the 13th CPC National Congress, for Chinese and foreign reporters at the Great Hall of the People on 26 October; Zhu Muzhi, Du Runsheng, and Gao Shangquan speak in Mandarin followed by passage-by-passage English translation from unidentified interpreter; foreign reporters questions in English followed by passage-by-passage translation into Mandarin — recorded]

[Text] [Zhu Muzhi] Ladies and gentlemen: Now we are holding another press conference. Today we have invited Comrade Du Runsheng, director of the CPC Central Committee Secretariat's Rural Policy Research Center and director of the State Council's Rural Research and Development Center; and Comrade Gao Shangquan, vice minister in charge of the State Commission for Restructuring the Economic System, to meet with you and to discuss the question of economic structural reform. Originally, we invited Comrade Li Tieying, minister in charge of the State Commission for Restructuring the Economic System, to meet with you. But since he has other important business to handle, he cannot come here to meet with you this morning. He has asked me to convey his apology to you.

Before we start discussing questions, I would like to add one point. At the last press conference, one gentleman asked me this question: What is the average age of the members of the 12th CPC Central Committee? I regretted that I did not have a ready answer to the question. When I went back, I checked this. Now I can tell the

gentleman that the average age of the members of the 12th CPC Central Committee before the convening of the 13th Party Congress was 66.1 years.

Now we begin the discussion on the question of economic structural reform. Please raise your questions.

[Reuter reporter] Mr Du, could you tell us how much the level of grain import will be this year? Could you tell us how much China is spending in 1987 on grain subsidies? Is this a matter of concern to the central government? Also, we have learned from the press that China is consolidating landholding. Does this mean farmers are now allowed to freely sublet their land to other farmers at a freely negotiable price? Thank you.

[Du Runsheng] According to our estimate, the total grain output for the year 1987 will be 795 billion jin, or 5 billion jin short of 800 billion. But we have not yet carried out the final calculation. There may be some change in this figure, but I think this will be the rough figure for grain output. According to our plan drawn up last year, China will import some grain while exporting some grain at the same time. China will import less grain than it will export. In the year 1985, China's grain export was greater than its import. In 1986, grain import was slightly more than grain export. The import was 200 million jin more than the export. We must not yet calculate the final statistics for that yet. Since the grain year in China is from May the previous year to May this year, instead of from January to December, we can only say that most probably the grain import this year will be slightly more than grain export. The grain import will be 4 to 5 million metric tons more than the export. We can have the final figure early next year. Since the department in charge of our foreign trade has not yet provided us the latest figures, I am sorry I cannot give you a more recent figure.

As for the land system in China, I would like to talk about some of our national policies. The first point is that we are prepared to collect the utilization fee of the land—that is the fee on the utilization of land for nonagricultural purposes. In the past few years, the agricultural land in China was reduced by 600 million mu each year. This is very disadvantageous. The second point is that we will uphold the public ownership of the land; we will not introduce the private land ownership. However, we have also introduced the principle of separating land ownership from land management. Therefore the people who work on the land can acquire the right to use this piece of land. We are now considering the issue that the right to use a piece of land can be transferred. In carrying out the transfer of the utilization right of the land, sometimes one can pay for the transfer, and sometimes it is not necessary to pay. If a person who manages a piece of land has made some investment in it so as to improve its soil, he can get some remuneration out of it when he transfers the right. Such transfer can be negotiated among the farmers themselves, but the final results of the negotiation have to be reported to the

owner of the land, and the villagers committee, for the record. In the vigorous development of the township enterprises in China's rural areas, a large amount of the labor force has shifted from agricultural production to industrial production. These people are prepared to give up their contracted responsibility for the piece of land and transfer the land to other people who are willing to continue this contract. This has given rise to the question of land transfer. If a piece of land, which is one of the main elements for production, can be transferred among the people, it is advantageous to the economy. But such transfer is the transfer of the utilization right of the land, not the ownership of the land. So much for this question.

[The Washington Post reporter Daniel Southerland] Mr Gao, I wonder if you could give us some sense of the timing of certain reforms. When do you expect to begin reintroducing price reforms? When do you expect to introduce an industrial enterprises law and the bankruptcy law? Could you give us an idea of what the first steps would be in the introduction of price reform?

[Gao Shangchuan] We attach great importance to price reform. We have taken significant steps in this regard during the last 2 years. Our present policy regarding price reform is that we will persist in our effort for reform, but we will proceed steadily so as to maintain the basic stability of the prices. As for the bankruptcy law and the industrial enterprises law, our country attaches great importance to their formulation. As far as the bankruptcy law is concerned, there are already regulations for trial implementation in our country, and these regulations have already been discussed and approved by the NPC Standing Committee. While they will not be officially implemented until the adoption of the industrial enterprises law, some localities have already carried out experiments in accordance with these experimental regulations. For example, such an experiment has been carried out in an enterprise in Shenyang producing antiexplosion equipment. Another example can be seen from a department store in Nanchang. The store has already declared bankruptcy. As for the industrial enterprises law, it has been amended and revised many times. The drafting of the regulations of the law was a process for people to experiment, investigation and research, and to unify their thinking. As for the industrial enterprises law, as a result of investigation and research, repeated amendments and revisions, and experimentation in some areas, it seems that the conditions are becoming increasingly ripe for the adoption of this law.

[The Wall Street Journal reporter—name indistinct] May I ask Mr Gao whether the recent crashes in the U.S. and other worldwide stock market have caused Chinese economic planners to revise some of their (?measures) toward reform, particularly share ownership and the opening of the stock market?

[Gao] The sharp fall in stocks in the stock exchange in New York has triggered a series of reactions in the international community, but there is no big reaction in

China. This is because China owns only a very small amount of stocks and bonds in the international market. However, we have to study the reason behind such a sharp fall of the stocks. This will not affect our country's efforts to introduce a reform for bonds and shares, because bonds and shares are the products of commodity economy. However, if capitalist countries can use these products, so can socialist countries. The question we have to study is how we can make better use of these products under the public ownership system.

[Central People's Broadcasting Station reporter Liu Zhizhong] Some people say that there is already the phenomenon for some individual workers to hire labor. I would like to ask Mr Gao this question: Whether such a phenomenon exists in China, and if it does exist, is it tantamount to exploitation? What is its difference from the hiring of labor in a capitalist society?

[Gao] A labor relationship has now appeared among workers. There is also the question of income which does not derive from work. The hiring of labor in China is different from the hiring of labor in capitalist countries. In the first place, the private enterprises in China are closely related to the system of public ownership and are greatly influenced by it. Secondly, the hiring of labor by the private enterprises in China is conducted under the guidance of the nation's policies and laws. Thirdly, although they are workers hired by private enterprises, their status as the masters of the industry has remained unchanged. I think these are the main differences.

[Shanghai *Shijie Jingji Dao Bao* reporter] I want to ask Mr Gao three questions: First, would you please tell us, according to the present level of people's understanding, what is the economic mode you plan to build in our country? Secondly, I would like to follow up the question raised by the journalist from the *Central People's Broadcasting Station*: Originally, it was provided that each private employer can only hire eight workers to work for him: What is the present provision for this? Do you think there is no limit on the number of workers one can hire? Third, many places in our country are trying a shareholding system. To what extent will this system proceed?

[Gao] As for the question of what is the economic mode we plan to build in the process of our economic structural reform, it has already been raised in the decision adopted by the CPC Central Committee in 1984 on the economic structural reform. That means the socialist economy is the planned commodity economy. The current 13th Party Congress has shed some new light on this issue. It has already been put forward that the state will regulate the market, and the market will serve as the guidance for enterprises' economic activities. So the concept of the planned commodity economy has been made more specific. There has been an inherent linkage between market and planning. It has also changed the state's control over enterprises. The state's previous direct control over enterprises has now been replaced by indirect, but more specific, control.

As for the question concerning the number of workers one can hire, we still have to study this question. Some people have proposed that the limit would be eight persons—as stated by the journalist of the *Shijie Jingji Dao Bao* a while ago. Karl Marx, in his study for the work *Das Kapital*, presented some examples using eight as the limit on the number of people one can hire. We still have to wait to see what the exact limit will be. Maybe eight or less can be the limit for an individual economic household and eight or more will be the limit for a private enterprise.

As for the share-holding system, it is most suitable to be introduced in the horizontal economic ties. For example, the interdepartmental and interregional economic ties where different localities and departments would join the share. We still lack experience as to how to introduce the share-holding system in China under the public ownership system. We still have to experiment further. On the one hand, we think that the introduction of the share-holding system is something unavoidable in carrying out the commodity economy. However, we know we have to be careful in approaching this issue. We will not popularize the share-holding system until we have gained enough experiences.

[The Economist reporter] I have two questions on price reform: It is unclear to me why price reform specifically has been effectively frozen until next year. Is it because of the adverse public reaction to rising prices and uncontrolled market speculation or because you yourselves cannot agree on the next step? My second question is about currency. This morning my taxi driver refused to take payment in combined FEC's [Foreign Exchange Certificate] and renminbi, but he said he was happy to accept payment in the American and Hong Kong currencies that he saw in my wallet. What progress can you report to us on your deliberation on rationalizing the currency situation, and when have you decided you might eradicate the FEC's, if at all?

[Gao] The question of price reform cannot be avoided. This question cannot be bypassed. This was made very clear in the decision by the CPC Central Committee in 1984 on the economic structural reform. Because price reform will involve the interests of numerous households in China, we have to give consideration to the ability of the country, the society, and the people to sustain such price reform. Therefore, our policy is to proceed with price reform but to do so steadily so as to maintain the basic stability of the prices.

The question of currency is also a very specific question. Just now that lady mentioned the problem of the taxi driver who demanded payment in U.S. dollars or Hong Kong dollars. What we advocate is the use of Foreign Exchange Certificates. Therefore the taxi driver's demand was not reasonable. You can refuse to pay in Hong Kong dollars and U.S. dollars.

[BBC reporter] You talk about the need for people to unify their thinking, and this is a phrase that Mr Zhao Ziyang used yesterday in his speech. Can you tell us the extent of resistance to the economic reforms that you are trying to implement, not just the lower levels but also the very highest levels of the state and the party? Can you tell us, for example, why Mr Zhao did not mention—did not mention at all—the question of bankruptcy law and the implementation of provisions on bankruptcy in his address yesterday? Thank you.

[Gao] The overwhelming majority of the comrades favor and support our reform. We cannot say that there is no resistance to the reform. The resistance stems from conventional forces. On the other hand, the economic structural reform will, to some extent, cause certain readjustment of the interests among some people. While our reform will benefit the overwhelming majority of the people, it is also likely that it will do some harm to people with vested interests. These people may be resistant to reform when they find they will lose their benefits or power.

It is true that Comrade Zhao Ziyang did not mention the bankruptcy and the industrial enterprises law in his report, this does not mean that these two laws are unimportant. What Comrade Zhao Ziyang was delivering was the political report to the 13th Party Congress, and he could not possibly cover all the elements of the reform. However, this does not mean that these elements are unimportant.

[Reporter] I represent *Wen Hui Bao* in Hong Kong. I would like to ask a question of Comrade Du. Judging by the National People's Congress earlier this year, many delegates from various places in China put forward the question that there was not enough reserve strength for agricultural reform. They also pointed out the question that agricultural land has been reduced. They stated that there may be some problems for China's agriculture in the next century. What is your assessment? What is the situation in agriculture? Is the problem as serious as these delegates to the National People's Congress portrayed it? What kind of measures can you take to keep up the reserve strength for agricultural production? I would also like to ask a question of Comrade Gao. Since the establishment of the State Commission of Economic Structural Reform, you have done much work, but people are not very clear as to what is the structure and the division of work in the State Commission. People only know that you are busily working, formulating the plans and tentative ideas for the reform. Can you brief us on the inner structure of the State Commission on Economic Structural Reform? For the purpose of conducting political structural reform, do you think the State Council would also set up a similar state commission for political reform?

[Du] Just now, the gentleman raised a very important question, that is a question of can we provide food for more than 1 billion people in China. We have reason to

state that we can expect to solve the problem of providing food for more than 1 billion people by relying on our resources. There is no reason for pessimism. This has already been reflected by the fact that high level of development has already been made in agricultural production since the reform was started after the 3d Plenary Session of the 11th Central Committee. Except for a very small number of regions in China, the majority of the regions have already solved the problem of providing food and clothing to the people. The arable land in China only accounts for less than 7 percent of the world's total. But on this land we have already solved the problem of providing food for the Chinese people who account for more than 25 percent of the total population in the world. This fact alone is a reflection. However, the development in the past 2 years only demonstrated that there is the possibility for us to solve this problem. It does not mean that there will not be any difficulties in our endeavor. It does not indicate that everything is proceeding smoothly for us. The Chinese Government has already become fully aware of the question of keeping up the reserve strength for the agricultural production. We have also become fully aware of the concerns expressed by the delegates to the National People's Congress over the agricultural production. We believe their concerns are warranted. The reason for us to say that their concerns are warranted is because the total area of cultivated land in China is 1.6 to 2 billion mu. Some of the cultivated land is high-yielding, and the production is above the world's average. The high-yielding land, generally speaking, accounts for one third of the total cultivated land in China. It is difficult for us to further increase the grain production per unit. The production for the other two-thirds cultivated land in China is not high. More input is required for these two-thirds of cultivated land. It is necessary for us to build irrigation projects and increase fertilizers. We also have to carry out the preservation of the soil of the cultivated land. China has already spent 100 billion yuan in the last 30 years or so for irrigation and water conservancy projects. If we want to improve the soil of these two-thirds of cultivated land so as to increase the area where the land can be irrigated, the total input will be more than the 100 billion yuan already spent. China can produce 70 million tons of natural and standard chemical fertilizers. The amount of these fertilizers should be doubled. The above-mentioned target can be realized if China can increase its input for the production of chemical fertilizers by a big margin. All this requires more input and investment, and in particular, we need the investment by the farmers themselves. Therefore, we have to pool funds to increase the investment on the land on the one hand, and on the other hand, we have also to give greater play to the enthusiasm and initiative of the farmers for their agricultural production. You can see from the report delivered by General Secretary Zhao Ziyang that the agricultural development has already been put on a higher priority. In the future, the first thing we will do is to increase the

input. We will try to improve the soil of the land which is low yielding, or the production is just on the medium level, so as to increase the grain output per unit of land.

The second thing we will do is to carry out reform of the price system for agricultural products so as to improve the relations of exchange between urban and rural areas in China and to encourage the initiative and enthusiasm of the farmers. The third thing we will do is to guide the orientation of consumption. The present consumption level has already outstripped production. For example, the Chinese people in the past did not drink much beer, but now many people drink beer. For the production of wines and liquor, in the past the consumption of grain was 8 billion jin, but now the consumption is already 20 billion jin of grain. In the past, China once imported 20 billion jin of grain, which is equivalent to 10 million tons, on the average annually. But, judging by the present circumstances, the grain import of 10 million tons can only be sufficient for consumption in the production of beer and other kinds of liquor. As for the consumption in the urban areas, for a long time in the past the price was very low, and the government had to provide large amount of subsidies. In certain period of time in the past, the price for 1 bottle of soft drink was equivalent to 1 bottle of milk. The central government has to provide subsidy of 0.1 yuan for each jin of grain consumed by the urban dwellers. Subsidies have to be made for vegetables and meat. Therefore, we plan to regulate the level of consumption through price policies and tax policies. We have to change the circumstances where the development of production is very slow, and the development of consumption of very rapid. We will increase our input so as to accelerate the production. We will also strengthen our reform so as to keep the consumption within some limits, as well as to provide guidance for the orientation of consumption. Of course, we cannot reduce the benefits that have already been provided to the people in the urban areas. We will provide special consideration to low-income people. From all this, I think you can see that the price reform, though very difficult, must be carried out. If we can succeed in all this, we are confident that we can solve the problem of providing food for 1 billion Chinese people. However, we must not exclude the possibility of making use of international market. We would like to make use of the international market so as to regulate the yearly fluctuations in the grain output and different types of the grain. Of course, in making efforts to solve our own problems, we will mainly depend upon our resources and conditions.

[Gao] I would like to answer the question concerning the State Commission on Economic Structural Reform. The State Commission on Economic Structural Reform is an institute in charge of the comprehensive economic reform under the State Council. There are several tasks for the State Commission on Economic Structural Reform. The first task is to serve as advisor and assistant to the CPC Central Committee and to the State Council in the decisions for the economic structural reform. The second task is to formulate and work out the overall plan

and the program for implementation of the economic structural reform. The third task is to coordinate the efforts for the economic structural reform. The fourth task is to provide directions to the different localities in China in carrying out the economic structural reform.

Whether or not it will be necessary to set up a commission of political structural reform is a question to be decided by the Central Committee. I think in the process of reforming the governmental institutions and organizations, it will be discussed whether it is necessary to set up a this commission on political structural reform. There are eight bureaus and one general office in the State Commission on Economic Structural Reform. In addition, there are a research center and a magazine for China's economic structural reform. There is also an association on economic structural reform under the State Commission.

[Reporter] I am [name indistinct] from Sydney's *Morning Herald*. Could you tell us if the People's Bank of China has been criticized for failing to control money supply and whether there will be a major change in the leadership of the People's Bank?

[Gao] I haven't heard about development in that connection.

[AFP Reporter] It has been 9 years since the reform in China, but the main tendency is still egalitarianism. Mr Zhao Ziyang said this yesterday. He also said that the congress will accelerate the reform. Could you give some concrete examples about the measures the congress is going to take for accelerating the reform, particularly in the field of wages, because without a wage reform, it would be difficult to reform the price system?

One of the defects in the economic structure in the past was egalitarianism in terms of distribution and everyone ate from the same big pot. As a result of several years of our reform efforts, we have implemented the distribution principle of to each according to his work and overcome the tendency for egalitarianism and the practice of everybody eating from the same big pot. However, the problem of egalitarianism still exists. The central item on the agenda of the 13th Party Congress is to further accelerate and strengthen reform. That means the pace will be accelerated for the reform of managerial mechanisms and contractual responsibility system in enterprises. In other words, through separating the management from the ownership, we will instill greater vitality into the enterprises, especially the state enterprises. These will be the focuses of our efforts to accelerate the reform. At the same time, we will also introduce reform in the mechanisms for planning, investment, supply of materials, foreign trade, banking, finance, and taxation so as to further coordinate the reform in the microeconomic area and the macroeconomic area. The reform for the wage system will be carried out in connection with the reform in the managerial mechanisms of the enterprises, as well as with the reform in other

areas, at the same time. For example, the reform will be carried out in relation to the pricing reform. Wage increases will be made along with the increase in the labor productivity. The rise in wages will be commensurate with the increase in the labor productivity. At the same time, the reform for the price system will not reduce the level of real income of the workers and staff.

[Reporter] I'm from (*Yomiuri Shimbun*) of Japan. [question indistinct]

[Gao] The private enterprises are allowed to exist and develop because they are conducive to the development of the production. We are now discussing and working out relevant regulations governing private enterprises so as to guarantee their legitimate rights and interests, and to guide private enterprises on a sound and correct orientation of development. As for the number of workers hired in the private sector in China, the situation is rather complicated. The number of workers hired by a private business operator varies from several to several dozen. In a few cases, there are over 100 workers hired. Therefore, the situation is very complicated, and we will have to wait and see, conduct study and investigation, and work out measures so as to give play to the favorable factors while avoiding unfavorable ones.

[Unidentified speaker] The press conference has already proceeded for more than 1 hour and 30 minutes. After Mr Gao answers the second question raised by the Japanese reporter, we will answer two more questions before we conclude.

[Gao] The private enterprises are a new phenomenon that has appeared in the past few years. This question has come to our attention, and we have to study it. Therefore, we will further study this question after a certain period of time, in which we will carry out experiments.

[Reporter] I am *Xinhua* reporter Li Shangzhi. Yesterday in his political report, Premier Zhao Ziyang mentioned the achievements made in four areas of reform over the past 9 years, and all these achievements have already been written into the history. I would like to ask a question of Comrade Du Runsheng: What are the main problems waiting to be solved in accelerating and further strengthening the reform in rural areas, and what measures will be taken to solve these problems? I also would like to ask a question of Comrade Gao Shangquan: What specific measures will be adopted for the contracting of enterprises?

[Du] I am still studying the report of Premier Zhao Ziyang. Therefore, I am afraid my answer to your question will not be a perfect and complete one. I think the most important step is for China to coordinate its development with the reform. For the purpose of accelerating our reform, we have to ensure that the economic environment in China will be conducive to our efforts for the acceleration of our reform, and will not hinder the reform. If the economic environment is not in good

shape, it will not be conducive to our reform. Premier Zhao pointed out two problems in his report. The first one is that the total demand is still larger than the total supply. (And the second one is that) there is still a very strong and serious tendency among some people who try to accomplish much in too great a haste. They want to achieve progress too rapidly in development, and they demand excessive amounts of investment. If the investment is made too fast and its scale is over-extended, and if the total demand grows rapidly, and consumption expands, it will inevitably lead to price increases, which would then arouse resentment. Therefore, Comrade Zhao Ziyang has discussed the strategy of our economic reform as a main question. If we can succeed in coordinating the strategy on development with the reform, we will gain more initiative in carrying out our reform.

[Gao] As far as the contract responsibility system for enterprises is concerned, the reasons for us to introduce this system are: First, it is conducive to the separation of the ownership from the management and the further clarification of powers, responsibilities, and interests of the state and the enterprises. Second, it is conducive to further expanding our productive forces, increasing supply, tapping more potentials for development, and increasing economic efficiency. Third, it is in conformity with the national conditions in China and also suits its present managerial level. Therefore, we have taken the system as one of the effective means, but not the sole means, to reinvigorate the enterprises. The contract responsibility system for the enterprises still needs to be further developed and perfected. In the first place, we have to solve the question of the economic activities of enterprises in the immediate future so as to enable them to foster the mechanisms for self-development and self-restraint. Secondly, we have to solve the problem of combining tax reform with the introduction of the contract responsibility system for the enterprises so as to institutionalize the system step by step.

[Unidentified speaker] The last question?

[Reporter] I am from the West German weekly *Der Spiegel*. I have a question on price control for Mr Gao. Mr Gao, with the inflation given officially between 5 and 6 percent, we have witnessed public dissent. On the other hand, with subsidies going as high as one-third of the state budget, what has the reform accomplished? Now in your assessment, Mr Gao, which will be the highest politically acceptable ceiling for the inflation rate, giving you the chance to reform prices without creating widespread popular unrest?

[Gao] The price reform is a very complicated issue. At present, the increase in the prices is the issue that has aroused the people's most numerous. The State Council is taking strong measures to stabilize the economy and the prices. Commodity price is an issue closely related to the issuance of currency. In reply to the question asked just now about the appropriate proportion of the increase in the issuance of banknotes, I think, generally

speaking, we can say that the combined figures of the economic growth and the increases in the price will be roughly equivalent to the increase in the issuance of banknotes. This will be an appropriate proportion.

[Zhu] The press conference has been going for almost 2 hours. There are names of two units which may not be clear to some of you. One is mu—15 mu is equivalent to 1 hectare, and the other is jin—2,000 jin is equivalent to 1 metric ton. We thank Comrades Du Runsheng and Gao Shangquan. I would like to make an announcement: At 1000 [local time] tomorrow morning, there will be another press conference at this location. We will invite Comrade Song Jian, state councillor and chairman of the State Scientific and Technological Commission, to discuss the question of science and technology. We now conclude today's press conference. Thank you.

#### Various Media Reports on 13th CPC Congress

**RENMIN RIBAO Editorial**  
HK261314 Beijing *RENMIN RIBAO* in Chinese  
25 Oct 87 p 1

[Editorial: "A New Departure to the Future"]

[Text] The October weather in Beijing is not like spring, but the actual atmosphere is even better than spring. Long awaited by the whole party and the people of all nationalities across the country, and a focus of attention at home and abroad, the 13th CPC National Congress will solemnly open here today. Some 1,900 delegates democratically elected from among more than 46 million party members will get together to earnestly sum up the achievements and experience in reform since the 3d Plenary Session of the 11th CPC Central Committee and work out the principles and the major programs for China's future development. The congress will explicitly put forward the party's basic line for the initial stage of socialism and decide on the fundamental principles for economic construction and reform of the economic and political structures in the days to come, as well as the basic principle for strengthening party building in the course of reforms and opening to the outside world. It will also make a creative theoretical summation on the basis of rich practical experience. The 13th National Party Congress will be a meeting to speed up in an all-round manner the pace of conducting reforms and opening to the outside world. It is another important meeting of vital significance and far-reaching influence since the 3d Plenary Session of the 11th CPC Central Committee, which ushered in great historical changes.

It has been only 9 years from the 3d Plenary Session of the 11th CPC Central Committee, through the 12th National Party Congress, to the present. Nine years are merely a short moment in human history, but what profound changes have taken place in the land of China during this period! After eliminating chaos and restoring order, we have persisted in taking economic construction as our central task, carried out overall reform, and

opened to the outside world in a resolute and step-by-step way. We have scored remarkable achievements in the economic, political, ideological, cultural, national defense, and diplomatic fields. Among these, our achievements in economic construction are especially striking. Compared with 1978, our gross national product, gross value of industrial and agricultural production, state financial revenue, and the level of average income of urban and rural residents in 1986 all were roughly doubled. The past 9 years are a period marked by the most vigorous vitality of economic development, the quickest growth of our national strength, and the greatest improvement of our people's living standards since the founding of the People's Republic. From what they have personally experienced, the people of all nationalities in the country have deeply felt the profound changes around them. People in foreign countries have also vied to praise the achievements that our country has scored.

The great achievements have come primarily from the party's correct line, which is the line we have implemented since the 3d Plenary Session of the 11th CPC Central Committee, a line that is very familiar to the whole party and the people of all nationalities in the country and very close to their hearts. This line has two basic points: one is to uphold the four cardinal principles; the other is to keep to the general principle of reform and opening to the outside world. Guided by the line of the Third Plenary Session, the tide of reform has come up from the rural areas, quickly spread to the cities, and rapidly expanded from the economic structure to the system of science and technology, the educational system, and even the political structure. It has become an overall reform covering the whole social life of contemporary China. Bai Juyi, a great poet of the Tang Dynasty, wrote in his "Poem on Greeting the Rain": "If it agrees with the people's will, it will please the people's hearts; if it agrees with nature, even nature will follow it." China's reform has developed so fast and so successfully precisely because it conforms to China's actual situation, agrees with the trend of the times, and meets the needs of the people as a whole. History has fully indicated that reform is the road that we must take in order to vitalize China.

The correct line has come from an appropriate appraisal of the conditions in our country. It has been explicitly pointed out in resolutions adopted at the several major meetings of the party since its Third Plenary Session that China is still in the initial stage of socialism. The initial stage of socialism as we define it has specific meanings: First, our country has entered a socialist society. Second, our productive forces are still at a very low level, and our socialist system is still imperfect. This is precisely the actual situation of our country and also our most fundamental national conditions. Only by proceeding from the most fundamental conditions of our country is it possible to formulate and implement a correct line and to make clear why we should carry out the present line and policies instead of other lines and policies. In the final analysis, the reason that the party's guiding ideology

made big mistakes for many years prior to the Third Plenary Session was due to its departure from the actual situation of our country. Certain ossified viewpoints or liberalization viewpoints that have appeared in the course of reform and construction in recent years have also resulted from ignoring or departing from the actual situation of our country. As can be seen, whether we can correctly understand the historical stage that China's society is currently at is a question of prime importance in building socialism with Chinese characteristics.

A correct understanding is achieved often after many repeated processes from practice to knowledge and from knowledge to practice. This is also the case with regard to the understanding of the line implemented since the Third Plenary Session, that is, the party's basic line at the initial stage of socialism. The systematic explanation to be made at the 13th National Party Congress of the question that China is still in the initial stage of socialism will not only enable comrades in the whole party to have a clearer understanding of the conditions of our country, but also theoretically arm the whole party and enhance all party members' consciousness of implementing the party's basic line at the initial stage of socialism. Undoubtedly, this will translate into an enormous material force to push forward our reform and construction. In addition, the 13th National Party Congress will elect a new Central Committee. During the past few years, gratifying achievements have been made in the party Central Committee in the succession process of the old by the new and in their cooperation, thanks to the foresight and wisdom of proletarian revolutionaries of the older generation and their positive efforts to promote such a process and such cooperation. The current congress will take bigger steps in making the members of the central leading organs younger. Creation of new central leading organs composed of younger members will make our party more energetic and vigorous and will provide a sure organizational guarantee for the continued implementation of the party's correct line.

It is a common goal of the people of all nationalities in our country at the current stage to build socialism with Chinese characteristics and turn China into a socialist modernized country that is rich, strong, democratic, and civilized. To realize this common goal, we can only advance step by step in a down-to-earth way. The past 9 years have witnessed the big strides we have made. To achieve our great goal, however, these strides are only a new point of departure. The tasks from now on are still very arduous, and difficulties, twists, and turns will still be encountered on the road ahead. However, as long as we unite as one and struggle hard with one mind under the party's leadership, we will certainly be able to surmount every difficulty and danger on the road ahead and advance victoriously on the avenue of building socialism with Chinese characteristics.

May the congress be a complete success!

#### XINHUA 'Sidelights'

OW260718 Beijing XINHUA Domestic Service  
in Chinese 1544 GMT 25 Oct 87

[("Sidelights" on the opening ceremony of the 13th CPC National Congress by unidentified XINHUA reporter—XINHUA headline]

[Excerpts] Beijing, 25 Oct (XINHUA)—At 0900 on the morning of 25 October 1987 inside the magnificent Great Hall of the People, some 100 Chinese and foreign reporters all focused their cameras on the rostrum.

Deng Xiaoping, who is 83 years old, walked with firm steps to the rostrum. In a loud and clear voice, he declared: "The 13th National Congress of the Communist Party of China now opens!"

Thunderous applause broke out in the Great Hall. Reporters quickly focused their cameras to take historical shots. [passage omitted]

One billion people are closely watching the 13th CPC National Congress. At the congress opening, more than 3,000 letters and cables were sent to the Secretariat of the congress from various areas of the motherland. They represented congratulations, expectations, suggestions, and demands from people of all nationalities and also reported the happy news of bumper harvests and success in reform.

The whole world is also watching October's events in China. Newspapers in many countries carried commentaries on the 13th CPC National Congress. They pointed out: The 13th CPC National Congress in Beijing will be a congress of reform and a line of demarcation.

The whole world is paying attention to China, which has opened its doors to the world. More than 300 reporters from some 30 countries and regions have for the first time assembled at the meeting site of the CPC National Congress. They used their own methods to report what they have seen and heard from the congress to the world. Many reporters have made serious preparations for reporting news about the congress and some of them participated in investigation and study before the opening of the congress. A reporter from a Hong Kong newspaper said that as early as in April this year they had made a request for gathering news on the 13th CPC National Congress because residents in Hong Kong showed great interest in the congress. [passage omitted]

Shortly after 0800 this morning, delegates successively arrived at the Great Hall of the People from their places of lodging. [passage omitted] Lin Liyun and Zeng Zhonglang expressed the wishes of the eight delegates of Taiwan origin. They said that they felt both honored and a sense of great responsibility because they represented more than 1,800 party members of Taiwan origin in

attending the congress. They said: This congress will certainly have a great bearing on promoting the reunification of the motherland. [passage omitted]

Li Jianzhen, a female delegate who is 81 years old and joined the party in 1928, has been attending the national congress since the Seventh CPC National Congress. She is convinced that the 13th CPC National Congress will be a milestone for the party in leading people of all nationalities to realize the second historical taking off. [passage omitted]

#### Editorials on Congress

OW260622 Beijing XINHUA Domestic Service  
in Chinese 0846 GMT 25 Oct 87

[Excerpts] Beijing, 25 Oct (XINHUA)—*Renmin Ribao* and other papers in Beijing carried editorials one after another today to greet the opening of the 13th National CPC Congress.

*Renmin Ribao*'s editorial, entitled "Toward the Future's New Starting Point," said: The 13th National CPC Congress will be a meeting to speed up the reform and the opening in an all-out way. It is another meeting of important significance and profound influence since the 3d Plenary Session of the 11th CPC Central Committee gave a great historic turn to the course of events. [passage omitted]

*Jiefangjun Bao*'s editorial was entitled "All Soldiers Jubilantly Greet the 13th Party Congress." The editorial said: The 13th CPC Congress is another historical meeting of great importance since the 3d Plenary Session of the 11th CPC Central Committee. Held at a time when great successes have been won in socialist construction and reforms in various fields, it will certainly produce a profound influence on deepening reform and on building a powerful modern socialist country with Chinese characteristics. [passage omitted]

Entitled "Speeding Up Reform Completely Conforms to the Cherished Desire of the Working Class," *Gongren Ribao* stressed: The focal theme of the 13th CPC Congress is to speed up and deepen the reform. This completely conforms to the aspiration of the working class. Reform has become the trend of the times and the desire of the people. It has become an irreversible historical trend. Without reform China has no way out. Without reform we cannot bring the superiority of socialism into full play.

The editorial pointed out: While we are speeding up and deepening the economic structural reform, we must also make the political structural reform in a corresponding way. Without the political structural reform, the development of our productive forces will be hampered, and the superiority of socialism cannot be brought into full play. The 13th CPC Congress will include the political structural reform into its agenda. The long-range goal of the political structural reform is to establish an efficient,

vigorous socialist political structure with a high degree of democracy and perfection of the legal system. We can reach this goal only by making efforts on a long-term basis. [passage omitted]

*Jingji Ribao* praised the 13th Party Congress as the milestone of the second historic leap and carried an editorial using this as its title. The editorial said: The 13th National CPC Congress is a meeting to further make reform and implement the open policy. It is also the milestone of the second historic leap. It will certainly produce important and profound historical influence on China's socialist modernization. [passage omitted]

In its editorial entitled "Make Efforts To Speed Up Reform and Open Wider," *Guangming Ribao* said: The 13th CPC Congress is held at a time when China's face has taken on a new look under the guidance of the line set since the 3d Plenary Session of the 11th CPC Central Committee. During these 9 years our country's economic strength has increased fastest and the people have received the most material benefit since the founding of the republic. All achievements made in China's economic development over the past 9 years are inseparable from our efforts to eliminate chaos and restore order and from our all-out reform. Making reform and opening to the outside world have broken through the ossified economic structure, strengthened our economic vigor, developed the socialist commodity economy, enhanced the masses' enthusiasm to an unprecedented high, and re-emancipated the productive forces. [passage omitted]

The editorial stressed: In socialist modernization, science and technology are the mainstay which enables China's economy to enter a stage of new growth and are in a strategic position in the whole situation. The development of science and technology and education also call for further reforms in the scientific and technological structure and in the educational structure.

#### Beijing Press Honors Opening

OW260342 Beijing XINHUA in English 0313 GMT  
26 Oct 87

[Text] Beijing, October 26 (XINHUA)—All morning newspapers in the Chinese capital today devoted their entire front pages with banner headlines in red to the opening of the 13th National Congress of the Chinese Communist Party.

A wide-angle picture of the opening session of the CPC Congress and closeups of Deng Xiaoping opening the session and Zhao Ziyang delivering his work report were prominently featured.

*The People's Daily* added a subheading to its roundup of the opening session: Lead and Unite People of All Nationalities of the Country To Speed Up and Deepen Reform.

A feature story titled "The Party's Significant Congress; The People's Red-Letter Day" was carried by the *People's Daily*, the *Beijing Daily* and other papers.

Reports under separate headings on the contents of Zhao's report took up the entire second page of many newspapers in Beijing today. The *Economic Daily* opened a special column for reports of interviews with delegates to the congress. The interviewees included the chairman of the board of directors of a motor car company, a senior architect, a confectionery manager and a party secretary of an autonomous banner.

All the papers featured photo reports of the activities of the delegates to the congress in and outside the meeting hall. The *People's Daily* gave a full page to photographs of Deng Xiaoping with Li Xiannian and Peng Zhen, Zhao Ziyang walking Chen Yun to the rostrum, Deng Xiaoping and Deng Yingchao greeting Nie Rongzhen, Deng Xiaoping shaking hands with Xu Xiangqian and Zhao Ziyang greeting Hu Yaobang.

A picture carried by the *Economic Daily* showed a big crowd on the Tiananmen Square in the center of Beijing watching delegates filing into the Great Hall of the People.

A poem in the literary column of the *People's Daily* dedicated to the 13th Party Congress is titled "To Pioneers in the Reform."

"Reforms Have No Limits," "Go All Out Along the Road of Reform," and "Reform—a Historical Task Resting on Communists" were some of the titles of reports on panel discussions featured by the *Workers' Daily*.

The *China Youth Daily* gave a boxed report beside its masthead quoting a passage from Zhao's report to the effect that the party and people pin their hope on the Chinese youth to carry on the great cause of socialist modernization through to victory.

The theoretical page of the *Guangming Daily* under the column heading "Philosophy" carries several articles discussing the necessity of political structural reforms.

Messages of greetings on the CPC Congress from Communist and Workers' Parties of the Korean Democratic People's Republic, Yugoslavia and Romania were given wide coverage by Beijing press today.

**Commentator Lauds Congress**  
HK240632 Beijing CHINA DAILY in English 24 Oct 87  
p 4

[By CHINA DAILY commentator]

[Text] Tomorrow morning, delegates elected by their comrades across the country will gather in the auditorium of the Great Hall of the People in Beijing to begin the long-awaited 13th National Congress of the Chinese Communist Party.

The congress will review the reforms since the Third Plenum of the Party's 11th Central Committee in December, 1978, and propose the political line to guide the nation's progress in the next five or more years. It certainly will make a historical impact, leaving a legacy to be carried forward into the next century.

This being its main purpose, the congress has attracted great nationwide attention. The public will watch it closely, hoping for reassurances that, after eight years of peaceful development, the nation's dominant political force will help the people realize more benefits for their families, communities and society.

The significance of the congress can be viewed in terms of four major transitions.

First, there will be the transition in the Party's central leadership from the veteran revolutionaries of China's liberation to younger comrades. The new leadership will be charged with maintaining China's socialist heritage and render an equally important service to the people—a new Long March toward modernization.

The second will be moving on from widespread practical experimentation with reforms to establishing systematically the reforms' theory. Faced by the debacle of the "cultural revolution" (1966-76), Chinese communists began to realize how fatally important it was to "seek truth from facts," and began to seriously rethink about how to build socialism. The public has now learned of the many innovative points in the reform process, as crystallized by the theory of the elementary stage of socialist society. This truthfully describes the situation today and the priority of the need to strive for progress and prosperity.

The theory is going to be introduced at the congress to China's 46 million Party members in a set of principles for all of them to remember and put into practice simultaneously.

Third, a transition will take place designed to lead China from economic to political reform. Non-economic factors have long been listed among the problem facing the economic reform. Now the government structure is to be pruned, the roles of the Party and government separated, and democracy strengthened.

**Dialogue [subhead]**

It is encouraging that, as advocated by Zhao Ziyang, the Party's Acting General Secretary, different levels of leadership have had more occasions to meet with the masses. Officials listen to ordinary people's questions, explain to them the reforms' difficulties, and collect their ideas and criticisms. All this is called dialogue and consultation. And the people desire that more frequent and institutionalized dialogue and consultation will become a substantial aspect of the political democratization process.

The fourth transition will be economic development. The past eight years saw China basically solve the subsistence problem and double its GNP. The nation is to redouble that figure in the remaining years of this century and then head toward the ranks of the world's middle-income countries early next century. This can be made possible only when the Party is determined to lead more comprehensive reforms.

The current situation seems to be good for the Party to achieve a consensus on facilitating these transitions. Observers have quite correctly noted that the Party has made better preparations for this congress than for all previous ones since the founding of the People's Republic.

If the Third Plenum of the Party's 11th Central Committee can be said to have been a turning point in the nation's revitalization, then the success of its 13th national Congress will stand as a landmark of socialist China's long-sustained stability and development.

**Hong Kong Paper on Deng**  
HK240202 *Hong Kong SOUTH CHINA MORNING POST* in English 24 Oct 87 p 1

[From Terry Cheng in Beijing]

[Text] A move is afoot to ask China's top leader, Mr Deng Xiaoping, to remain in the party's Politburo Standing Committee, even though all other elderly veteran members are to step down.

The move began at the seventh plenary session of the Central Committee meeting on Tuesday when several delegates suggested that the membership of the Standing Committee, now six, be extended to seven.

Committee members said they felt that Mr Deng was indispensable on the Standing Committee if China's policies of reform and opening up to the outside world were to be ensured.

Analysts, however, said it was highly unlikely that Mr Deng would agree to the 11th-hour request, coming mostly from the reformist camp, which would naturally want to see its mentor on the supreme decision-making body.

Mr Deng has repeatedly said he would step down from the Standing Committee together with Mr Chen Yun and Mr Li Xiannian. The former party General Secretary, Mr Hu Yaobang, will step down in any case now that he has resigned as party chief. Another Standing Committee member, Marshal Ye Jianying, died last year.

This would leave only Mr Zhao Ziyang, the acting General Secretary, on the Standing Committee.

Informed sources said that at their Tuesday session, several Central Committee members had gone so far as to suggest that the six-member Standing Committee appointed in 1982 be expanded to seven so that Mr Deng could continue to sit on it.

At present, it is generally agreed that Mr Zhao, the future Prime Minister, Mr Li Peng and a party Secretariat member, Mr Hu Qili, are certain to be elected to the Standing Committee of the Politburo when the new 13th Central Committee holds its first plenary session immediately after the National Congress.

The remaining seats are likely to be filled by the prospective State President, Mr Yang Shangkun; the senior Vice-Premier, Mr Yao Yilin; and another Vice-Premier, Mr Qiao Shi.

Under this arrangement, it appears that an impasse would result as the conservative and reformist camps would each occupy three seats on the Standing Committee. Mr Deng's presence on the body would therefore help to tilt the balance in favour of the reformists.

It has been proposed that a seventh alternative to break the tie would be reform-minded Vice-Premier, Mr Wan Li.

**Review of Past CPC Meetings**  
OW230930 *Beijing XINHUA* in English 0810 GMT  
23 Oct 87

[“Backgrounder: Major CPC Meetings Since 12th Congress”—XINHUA headline]

[Text] Beijing, October 23 (XINHUA)—The following is information about major meetings of the Communist Party of China (CPC) since its 12th National Congress in September 1982.

— The 12th CPC Central Committee held its first plenary session September 12-13, 1982. The session, presided over by Hu Yaobang and Zhao Ziyang, elected Hu Yaobang, Ye Jianying, Deng Xiaoping, Zhao Ziyang, Li Xiannian and Chen Yun members of the Standing Committee of the Political Bureau, establishing a six-member group leadership.

Since the 12th congress decided to replace chairmanship of the CPC Central Committee with the post of general secretary, Hu Yaobang, who had been elected chairman of the Central Committee at the Sixth Plenary Session of the 11th CPC Central Committee, became general secretary of the CPC Central Committee.

Deng Xiaoping became chairman of the newly-established Central Advisory Commission and was also elected chairman of the Central Military Commission of the CPC. Vice-chairmen of the military commission included Ye Jianying, Xu Xiangqian and Yang Shangkun, with Yang as its permanent vice-chairman.

Hua Guofeng, former chairman of the Central Committee who had been demoted to vice-chairman at the Sixth Plenary Session of the 11th Central Committee, was not included in the Political Bureau of the 12th Central Committee.

The Political Bureau of the 12th Central Committee was formed by 25 members, including Wan Li, Xi Zhongxun, Wang Zhen, Wei Guoqing, Ulanhu, Fang Yi, Deng Xiaoping, Deng Yingchao, Ye Jianying, Li Xiannian, Li Desheng, Yang Shangkun, Yang Dezhi, Yu Qiuli, Song Renqiong, Zhang Tingfa, Chen Yun, Zhao Ziyang, Hu Qiaomu, Hu Yaobang, Nie Rongzhen, Ni Zhifu, Xu Xiangqian, Peng Zhen and Liao Chengzhi. Alternate members of the Political Bureau were Yao Yilin, Qin Jiwei and Chen Muhua.

Members of the Secretariat of the Central Committee included Wan Li, Xi Zhongxun, Deng Liqun, Yang Yong, Yu Qiuli, Gu Mu, Chen Pixian, Hu Qili and Yao Yilin. Alternate members of the Secretariat were Qiao Shi and Hao Jianxiu.

— The Second Plenary Session of the 12th CPC Central Committee was held October 11-12, 1983. The session unanimously adopted a decision on party consolidation and elected a central party consolidation guidance commission.

— The Third Plenary Session of the 12th Central Committee was held October 20, 1984. Hu Yaobang, Deng Xiaoping, Zhao Ziyang, Li Xiannian and Chen Yun presided over the meeting, which Ye Jianying failed to attend because of illness.

The session adopted the decision of reform of the economic structure, a programmatic document guiding the reform of China's economic structure, expounding the necessity and urgency of speeding up reform of the structure of the entire national economy with the focus on urban economy. It also decided to convene a national conference of party delegates in September 1985.

— The Fourth Plenary Session of the 12th CPC Central Committee was held September 16, 1985. The session made preparations for the forthcoming national conference of party delegates. Political Bureau members

including Ye Jianying, Deng Yingchao, Xu Xiangqian, Nie Rongzhen, Ulanhu, Wang Zhen, Wei Guoqing, Li Desheng, Song Renqiong, and Zhang Tingfa requested to resign from membership in the CPC Central Committee.

The meeting also discussed and adopted a draft proposal of the CPC Central Committee for the Seventh Five-year Plan for national economic and social development.

— A national conference attended by 992 CPC delegates was held in Beijing September 18-23, 1985. Sixty-four persons, including Ye Jianying and Deng Yingchao, resigned from full or alternate membership in the CPC Central Committee.

Fifty-six new members, including Ye Xuanping, governor of Guangdong Province, and Li Tieying, minister of electronics industry, were elected into the CPC Central Committee. Thirty-five persons became alternate members of the CPC Central Committee.

— The Fifth Plenary Session of the 12th CPC Central Committee was held September 24, 1985. At the session, Tian Jiyun, Qiao Shi, Li Peng, Wu Xueqian, Hu Qili and Yao Yilin entered the Political Bureau. At the same time, Qiao Shi, Tian Jiyun, Li Peng, Hao Jianxiu and Wang Zhaoguo became members of the Central Committee Secretariat.

— The Sixth Plenary Session of the 12th CPC Central Committee was held September 28, 1985. The session decided to convene the 13th CPC National Congress in October 1987 and adopted a resolution on the guiding principles for building a socialist society with an advanced culture and ideology.

— The Political Bureau of the CPC Central Committee held an enlarged meeting in Beijing January 16 this year. The meeting agreed unanimously to accept Hu Yaobang's resignation as general secretary of the CPC Central Committee and elected Zhao Ziyang as acting general secretary.

— The Seventh Plenary Session of the 12th CPC Central Committee was held October 20, 1987 to prepare for the forthcoming 13th CPC National Congress.

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